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EMPLOYMENT

Mobility declining

The Technical Service Council finds even unemployed professionals less willing to move to smaller cities or remote areas for work than in previous decades. "People are less inclined to make sacrifices for a job than formerly," concluded N.A. Macdougall, the Council's general manager, from the results of a survey of 9,000 accountants, engineers, executives, personnel and electronic data processing specialists and technologists registered with the non-profit placement and counselling service.

The survey found that categories of people who would have moved willingly in the past now refuse for several reasons: more wives are working; more families have adopted participative decision-making; pay incentives are drained by high taxes; portable pensions are not always available and the work ethic has changed. High real estate prices are also a factor in some cases.

Vancouver, Toronto and Montreal are the preferred workplaces because of "their cultural amenities and alternative job opportunities," the Council finds. Job hunters in the Atlantic provinces are willing to move anywhere, but, like professionals in other regions, are even more willing to move back home. But so many Vancouver professionals are reluctant to move, even though out of work, that Council officials have coined a term for their hesitancy: "English Bay disease."

Mobility also may depend on job level. "People in the $12,000 to $30,000 bracket are especially reluctant to move," the Council finds. Executives earning $45,000 per year or more are aware that the number of jobs are restricted and tend to be more mobile."

Part-timers more motivated?

For the past three years, Continental Illinois Bank in Chicago has employed 500 workers in the 16-to-21-year age bracket in a half-time split between work and school. In comparing their work with two control groups — other employees in the same age category and other workers in the same salary brackets — the bank found a higher retention rate, superior job performance ratings and better attendance rates among the young, permanent *part-time* employees.

The system had an additional benefit. It gave the company an opportunity to evaluate an employee before hiring him or her full-time, and it gave the employee a better knowledge of the company in order to decide whether to prepare for a full-time position, and if so what kind.

Growing army

Part-time workers number more than 13 million in the U.S. and make up close to 18 per cent of the country's working labour force according to the July issue of *World of Work Report* published by the Work in America Institute, Scarsdale, N.Y. In the early 1960s they accounted for only 10 per cent.

This percentage is likely to increase in future, the report says because 20 per cent of all unemployed workers are seeking part-time rather than full-time work, compared with only 5 per cent in 1950.

"The growing 'army' of part-time workers is comprised primarily of women, most of them married, who are working to supplement family income, to earn extra spending money, or simply to escape the drudgery of household chores," the report adds.

One advantage for employees is that they don't have to pay overtime to their full-time workers if part-time people are available to work the extra hours. Moreover, the part-timers are paid an average $4.21 an hour, compared with an average $5.16 for full-time employees.

WORKING TIME

Four-day week stalls

The four-day week has made little gain in the U.S. in recent years. Only about 750,000 workers were on four-day schedules in May, 1976, according to a survey by the Bureau of Labor Statistics. That is about the same number as a year previously and only about 100,000 higher than the May, 1974, estimate. The bureau says the proportion of workers on a four-day week has ranged between 1.0 and 1.3 per cent over the last four years.

It is interesting to note that as of May 1976, 8.7 million Americans worked *more* than five days a week.

EMPLOYEE COMPENSATION

Interest-free loans

About one-half of 300 companies surveyed by the Conference Board of Canada provide interest-free loans to help relocated employees ease the strain of housing cost differentials, but not one of 29 governments or universities, although some were considering doing so. The loans are for staff transferred in the normal course of business, "to protect them from the volatile real estate market or to bridge the gap between buying a new home and selling the old one," the Board said in a 72-page report on the survey, entitled *Relocation Policies and Practices in Canada.*

A typical loan is for $20,000. The average repayment period is nine years. While 15 firms had more than $1 million in such loans outstanding in 1976, the average was $240,000. The companies appear to have adequate controls on amounts lent and repayment schedules.

"Encouraging employees to relocate has become an increasingly difficult task," the Board notes. "There seems to be a growing reluctance on the part of employees, regardless of organizational level, to uproot themselves and their families."

Revenue Canada announced in May that such interest-free or low-interest loans will become taxable benefits in 1978.

Loans for purposes other than relocation are not as common, the survey found. For example, stock purchase and hardship loans are provided by only one firm in six.

THE SEXES

Women more productive

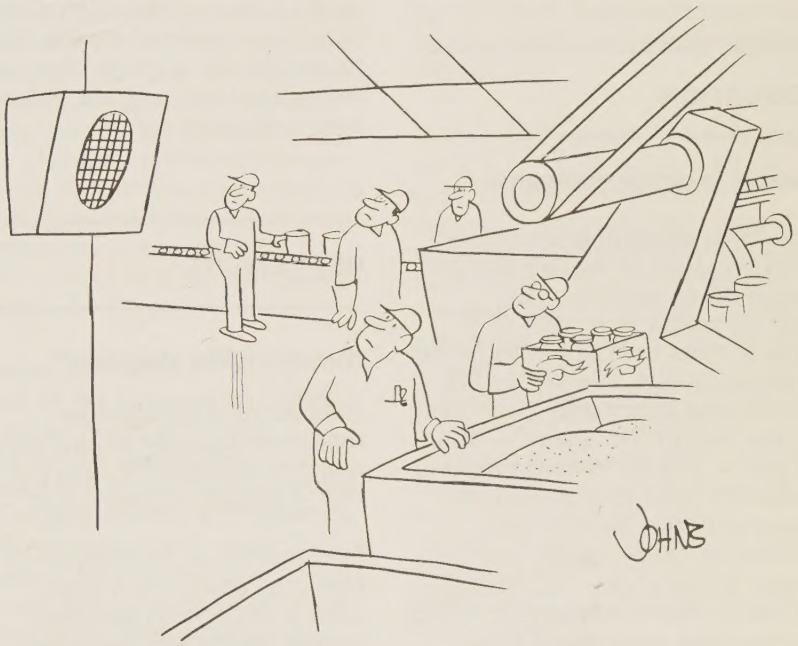
A continuing study by the University of Michigan's Institute for Social Research has found the 208 men it surveyed spent more time at unproductive activities in the workplace than did the 168 women. The men spent an average 52 minutes, or 11 per cent of the working day, not working — killing time through scheduled coffee breaks, unscheduled relaxing and talking with other workers, and extra time at lunch. The average women spent 35 minutes, or 8 per cent of the day, at such activities. The men surveyed earned an average $7.00 an hour; the women an average $4.34.

WORK STOPPAGES

Second quarter

Direct time loss from work stoppages due to strikes and lockouts in Canada amounted to 1,027,970 man-days in the second quarter of 1977. In relation to the total estimated working time of non-agricultural workers, this represents approximately 18.9 man-days per 10,000 man-days worked. The comparable figure for the second quarter of last year was 2,593,260 man-days lost. Work stoppages numbered 465 in the second quarter of 1977 and involved a total of 542,745 workers.

During the first six months of 1977, total time lost to strikes and lockouts amounted to 1,686,700 man-days, down markedly from the 5,851,720 man-days lost in the first half of 1976.



"RUMORS THAT THIS PLANT WILL SOON GO TO COMPLETE AUTOMATION IS UTTER NONSENSE. THIS IS A RECORDING"

EMPLOYEE EARNINGS

Office workers earn more in Canada

Canadian office workers are generally better paid than their U.S. counterparts and have unions in a higher percentage of workplaces, according to a survey by the Administrative Management Society of Willow Grove, Pa. The society surveyed firms employing 1.7 million office workers in the U.S. and 147,919 in Canada this year. Of the Canadian employers, 84 per cent said they had no part of their office staff unionized, while the comparative U.S. response was 90.7 per cent. The average weekly salary for a senior secretary was $210 in Canada, compared with $208 in the U.S., and the average weekly pay for seven data processing job categories was $213 in Canada but only $204 in the U.S.

EDUCATION

Mostly in-house programs

U.S. firms employing 500 or more workers spent an average $60 per employee on education and training programs in 1975 — a total of more than $2 billion by the 7,500 employers. A study by the Conference Board also found that 80 per cent of the money — $1.6 billion — was for in-house training programs, with $220 million allocated to tuition aid and $180 million for other outside courses. About 13 per cent — 3.7 million — of the 32 million workers employed by the firms participated in in-house courses. Another 700,000 participated in company-organized courses after work and 1.3 million received tuition aid.

UNIONS

U.S. membership declining

The number of union members declined in the U.S. in the two years ended in 1976, the first such decline since 1960-62. Membership totalled 19,432,000 at the end of 1976 a drop of 767,000 from 1974. Women members dropped by about 400,000

While the reasons have not yet been analyzed, some authorities suggest the big decline in women members results from heavy unemployment in industries employing large numbers of women, including the electronics and garment industries. Women may have been low on seniority lists in other industries and hence laid off before male employees.

The combined members of unions and employee associations, such as the National Education Associations, also declined, by 346,000 to 22,463,000. So did their share of the labour force — from 24.5 per cent to 23.2 per cent.

RETIREMENT

Human rights violation?

Opponents of compulsory retirement because of age won a ruling in Manitoba in June but lost one in Ontario in September.

In Winnipeg, an adjudicator for the Manitoba government ruled, June 3, under the provincial Human Rights Act, that Flyer Industries Ltd. of Winnipeg had discriminated against Peter Derksen a lathe operator, when it forced him to retire at age 65 two years ago. The company was ordered to pay Derksen six months' wages, about $4,000.

But in Toronto, a justice of the divisional court ruled, September 14, that the City of North Bay did not contravene Ontario's Human Rights Code by requiring Jay Cosgrove, the city's chief fire prevention officer, to retire when he reached age 60. The judge upheld a board of inquiry ruling conducted under the code that a mandatory retirement age was a bona fide occupational qualification and requirement for employment.

INDUSTRIAL DEMOCRACY

Ownership increases motivation

Worker owners of several plywood firms in the U.S. Pacific Northwest have consistently exceeded average productivity for the industry by more than 30 per cent. More than 25 worker-owned firms were established between 1920 and 1955 and 16 are still in business, comprising one-eighth of the American Douglas Fir plywood industry.

Their organization varies, but generally the employee shareholders meet once a year to elect directors from their own members. The directors appoint a general manager to co-ordinate day-to-day operations, usually someone from outside the firm.

Paul Bernstein, an assistant professor of political and social science at the University of California, Irvine, says managers are sometimes caught between the workers' self-interest as wage-

earners and their interests as owners. "Such problems are resolved in two ways," he writes in the May issue of *World of Work Report*. "One is for the manager to show workers how their short-term interests depend on the firm's long-term investment. The other is to have individual workers learn the business directly by becoming directors."

"In spite of the difficulties, the firms prosper," he notes. "Considerable motivation for productivity is released by the self-management opportunity to a degree that apparently can outweigh the inefficiencies of semi-amateur management.... The lessons that these mills can pass on to others include not only the continuing demonstration of higher productivity that stems from pride of self-ownership and from direct participation in the managing process, but also the benefits that derive from worker education in business skills, methods of job rotation and income equalization, and workable procedures for collective decision-making."

THE WORKPLACE

Coping with Cupid

The office romance has achieved respectability, of sorts. A favorite subject of soap operas and fuel for innumerable office gossip sessions, the office romance is the subject of a recent study by Prof. R.E. Quinn of the public administration department of the State University of New York at Albany.

The study was prompted by the realization that interpersonal relationships that develop into romance can have considerable, often negative impact on the organization. As Quinn points out "organizations are a natural environment for the emergence of romantic relationships." The incidence of office romance seems certain to rise moreover, as women enter the workforce in ever greater numbers. The author discusses the effects on those immediately involved and upon those colleagues who are affected by the romance and the problems that arise as a result.

Owing to the difficulty of gaining objective information from those immediately involved, the study was based upon third-person reports. In some instances the involvement — almost always perceived as being intimate in nature — was judged by observers to be selfless and without ulterior motive. However, it was commonplace to adjudge that the man and woman might have highly different expectations of, and motives for becoming romantically involved. For the man it may gratify his ego while providing some excitement whereas for the woman romance in the office is viewed as being a means to secure advancement, power, a raise or other job-related benefits.

Whatever the motive, it is the impact of the romance on others and the work situation that prompted the study, which revealed that by introducing a new set of organizational standards the office romance could upset routine, create conflict and jealousy, after the accepted chain of command, lower morale, and even lead to severe sanctions and severance.

Given the potential seriousness of an office situation in which a man and woman (he being usually her senior in rank in the organization) becomes romantically involved it is scarcely surprising that those affected develop ways to cope with, and in some cases combat, the effects of the romance.

The most frequent method is for someone to simply go to one of the participants to advise him or her in a friendly manner that others have noted the romance and are concerned about its negative side-effects. Should friendly persuasion fail, a superior may be advised, although this is frequently viewed as a pointless gesture. More severe strategies may include undermining or sabotaging one of the partners in the hope that the severity of the situation will be exposed and corrective action taken. Even ostracism has been utilized to stress workgroup disapproval.

Such treatment may seem severe but the study shows that 90 per cent of office romances are perceived as having had negative effects and of these fully one third have caused serious disruptions requiring corrective action, which may entail persuasion, reprimands, or even severance. It is noteworthy that when the ultimate solution of firing one of the participants is utilized it is twice as likely that the female will lose her job because of her lower status and hence "lesser" value to the organization. Most of the happy endings, it would seem, are reserved for the soap operas. lg

Productive employment for prisoners in Canada

by Lynda Leonard

In 1914 the Royal Commission on Penitentiaries made this recommendation to Parliament:

There is unanimity of opinion as to the necessity of labour in prisons. No one has had the cruelty to suggest that the prisoners should be sentenced to enforced idleness, that, deprived of his liberty for society's protection, the prisoner should also be deprived of his right to work. Not only should the prisoner be given work but all prison administrators agree it should be purposeful, productive work — work calculated to make him a more efficient citizen when he regains his liberty.

Sixty-three years later and after many reports to Parliament, this recommendation is strongly rephrased as a principle of the Subcommittee on the Penitentiary System in Canada:

Work is necessary for personal reformation. Idleness and boredom are among the most destructive elements of prison life. A full working day, as near outside normalcy as possible, should be mandatory for every inmate capable of working.

One report on the penitentiary system is much like another. The same recommendations surface again and again, fated each time to be ignored or tangled in the web of government bureaucracy. But this time there is a possibility that the repeated calls for effective work programs may cease.

Lynda Leonard is an Ottawa freelance writer.

There are approximately 9,500 men and women in the 54 institutions within the Canadian Penitentiary Service's authority. The majority are occupied in training workshops, academic programs or in maintenance areas of the institutions. Roughly 1,500 inmates in 15 prisons are employed in industrial programs.

Each inmate, regardless of whether he is working or studying, is paid a daily wage. Wages vary in accordance with five levels from $0.75 to $1.95 per day. For overtime they're paid 20 cents an hour. From this they make a compulsory saving and a contribution to the inmate welfare fund. The wage levels reflect a prisoner's deportment rather than the value of the work he does, so it's possible for a recalcitrant machinist to make 20 or 30 cents less than a bottle washer.

Inevitably the paltry pay and the peculiar assignment of wage levels tend to devalue both the work done and the time consumed. One inmate, an experienced welder, explained why he opted for an academic program rather than practise his skill in one of the prison workshops. "I respected my profession too much. I wasn't going to prostitute it for sixty or seventy cents a day."

The low wages also pose a serious problem at the time of release. Inmates pay for their weekly canteen from their wages. They are permitted to draw from their savings after they have accumulated $50. They often need the money to take out on passes or to replace worn clothing. Because of the length of time it takes to save the money and because of the various needs that crop up over that period it's not uncommon for an inmate to be released with $50 or less.

This creates a built-in hardship for the ex-con returning to the street. "The system perpetuates crime," said one inmate of the Prison for Women. "I went out of here after six months with $20. I had to pick up my kid that afternoon. Welfare wouldn't give me Mothers' Allowance till I had an address. Where am I going to get an apartment for twenty bucks. So, to support my kid, I pulled a boost."

Even if the inmate can make a reasonable saving toward the day of his release and even if he has the exceptional good fortune to find a job, he's generally poorly prepared to keep it. Prisons tend to institutionalize inmates. They rob them of responsibility and the power to make decisions. They also support a negative attitude toward work. 'Stall' is the watchword that gets you through prison, but it doesn't do much to help you once you're outside. Bruce Sanderson, Joyceville Institution's Assistant Director of Industries is aware first hand of the shortcomings of the present industrial program. "Several years ago I was working for Canadian Locomotive.

I hired some welders from the Kingston Prison, but I had to let them go. They couldn't meet the time standards," he said. "When these inmates go outside they are just not able to cut the mustard."

If a prisoner is eventually to find a permanent place for himself in the outside workforce he must be trained to work; not merely trained in a specific skill, but trained in how to cope with the everyday dilemmas that occur in the workplace. It becomes the responsibility of those who design the industrial programs for CPS to make the prison work experience more meaningful.

The Canadian Penitentiary Service has been a long time in recognizing that inside industries can contribute to the rehabilitation of a prisoner. In the past, recreation and academic programs took precedence. The industries branch was considered, in the words of the branch's acting director, Brian Geraghty, "...an outside, useless, secondary appendage of the corrections system...a form of slave labour." It's only since the late sixties that the department, recognizing the long benefits of prison industries, has begun to implement a serious industrial program.

The result of this shift in attitude is a varied network of manufacturing plants, requiring a wide variety of employee skills, within medium and maximum security prisons across the country.

Between 70 and 80 inmates of the LeClerc Institute are producing landscaping screens — those upholstered partitions that ouline cubicles in open-concept office spaces. This involves a three part operation requiring skills in metal working, wood working and upholstery. Warkworth, Cowansville and Mission Institutes have plants producing office desks. The

One perceives a sense of pride in their work and a strong camaraderie.

Mission plant is also producing cell furniture for two new prisons being built in the West. Matsqui has an ambitious enterprise underway producing modular housing units on contract with a local Indian band council.

Although CPS will accept orders from outside non-profit organizations, the majority of their contracts are with the Department of Supply and Services. CPS is now working on getting right of first refusal on any articles the government wants to buy. This ready-made market would provide some security, but the onus would still be on prison plant managers to keep their costs competitive with outside industry. So no plant can afford to keep a labourer who's operating on the stall principle.

The standard methods of keeping labourers productive are used in prison plants. Cash bonuses, distributed on a group basis to encourage co-operation, are given for quota production. An habitually indolent employee risks being fired. But being fired in prison simply means a transfer from one workplace to another. Job security is just about the only fringe benefit CPS offers.

The artificiality of the process of firing is an indication of the basic problem of prison industries: the inside industries bear only a superficial resemblance to outside industries. The labourers work a six-and-a-half-hour day. Their day is short for reasons of security, not due to the success of a strong union. Prisoners' unions are banned. Six and a half hours is the maximum length of a work day. Inmates are continually called off the job to meet with classification officers, doctors, dentists, visitors and even institution chaplains. These meetings can take hours and are a constant frustration for foremen and plant managers trying to meet production deadlines.

In the area of wages prison industries reflect the real working world least of all. Besides being deprived of the rewards of a decent paycheck, the inmate is given no opportunity to learn anything about managing the little money he earns. The compulsory savings deduction doesn't allow the inmate to make any financial decisions of his own beyond how many ready-made cigarettes he should purchase that week.

Obviously if the CPS is going to provide inmates (many of whom have never worked before) with a true picture of what it's like to hold a job, they must begin by placing a higher value on his labour. But at this point, paying employees a decent wage, combined with the other expenses of running the institutions would make the already high cost (from $17,000 to $20,000 per year) of keeping an inmate prohibitively expensive and invite public outcry. Nevertheless, CPS seems to be committed to working toward a more just rate of pay. "I would say that easily 90 per cent of the administrators involved with the penitentiary service favour the federal minimum wage for inmates," said Geraghty. But the road in this direction is long and CPS took its first step only a year ago.

Joyceville Institution is a medium security prison located 90 miles southwest of Ottawa. Since July 1976 it has been the site of an experimental industrial program designed to accurately simulate the working conditions of an outside plant. Joyceville has a large metalwork shop that

produces lockers, relay and rural post boxes, lateral filing cabinets and steel shelving. It employs up to 48 men in jobs like welding, painting and tool and die operating. It looks like any other metal work plant, except it's a little newer, a little cleaner and a little safer.

The men working at Joyceville are paid an hourly rate. They punch a clock just like their counterparts in outside industry. The rates range from $1.30 (the wage for workers during the six-week probationary period) to $2.80. Employees pay income tax, and contribute to Canada Pension and Unemployment Insurance. This last is a real blessing considering the problems ex-inmates have in finding employment after release. The men also contribute a token amount — from $10 to $12 per week — for room and board. This is more to provide an upkeep exercise than to defray the cost of prisoner maintenance. And if an employee wishes, channels have been set up to funnel off some of his income to support his family.

Inmates apply for positions in the plant as they become available. There are roughly 45 to 50 applications per opening so the competition reflects the outside job market. Applicants have to meet only very basic standards outlined in the job descriptions. Experience in a specific trade isn't necessary. Employees also face real job insecurity. The ultimate disciplinary action is firing and here the loss in pay from $2.10 per hour to $1.00 is a very real deprivation.

Workers put in a full seven-hour day. They're entitled to two ten-minute coffee breaks and a half-hour lunch. Prison business, like meetings with classification officers, has to be scheduled around work hours. Only in emergencies is an employee allowed off the job and he is not paid for that time.

The really significant differences in the Joyceville plant are the intangibles, like the respect with which workers are treated. The word 'inmate' refers to those who don't work in the plant. Those who do are called employees. Security in the plant is minimal and discreetly placed. As business manager A.M. Chapman pointed out, "You can't expect these guys to work productively with guards breathing down their necks." An employee sub-committee was formed as a medium between labour and management. They handle workers' grievances and have input into hiring decisions.

"It's going to be quite a switch for me," he said, "to walk into a bank and say 'I'd like to make a deposit'."

Respect fosters dignity among the employees. One perceives a sense of pride in their work and a strong camaraderie. This extends itself into the whole prison community. Elitism, dangerous in a prison environment, threatens but the men have transferred those impulses into a stronger sense of community. It's not uncommon for a couple of employees to buy a case of pop for the others on their range who work elsewhere within the institution.

The real payoff for this project comes after release. Employees look forward to better job prospects and financial security. One man has been working in the plant for six months and has saved $1,800. "It's going to be quite a switch for me," he said, "to walk into a bank and say 'I'd like to make a deposit'." One employee was recently released after spending 12 years in jail. He had never worked at all before getting a position at the Joyceville plant. He's now working outside as a welder making an hourly wage of $7.82.

After a year the Joyceville project appears gratifyingly successful. But they've had some problems. Administrators had difficulty selling the steel lockers the plant originally produced and had to lay off some employees briefly as the retooled to fill new contracts with DSS and the Post Office.

This would be a minor setback for private industry but the Joyceville project could be quite vulnerable to such problems. The project will be evaluated, not only in terms of employee rehabilitation but in terms of profitability as well. Administrative bungling or poor market research could put the project deeply into the red and threaten to undermine the one innovation the industrial program has seen in a long time.

Evaluation of this project is going to require great sensitivity, so it gives one pause to discover that this task has been assigned to two men from York University's Faculty of Administrative Studies. This is not to infer that these men are equipped with a narrow range of skills, but the fear does arise that economic profitability will take precedence in their report over the other aspects more difficult to assess. The intangibles are important and can have a long range profitability. "We have restored a man's dignity," said Chapman. "If we can assist in the rehabilitation of one man, that's $20,000 to our credit."

CPS appears to be firmly committed to the objectives of the Joyceville project. Geraghty expects to see positive steps taken toward these goals on a nationwide basis within the next five years. Hopefully, this will take place before the next parliamentary sub-committee tours the prison. lg

Making work more human

by Roy LaBerge

In 1977, a group of auditors in Canada's department of national revenue adopted a new dress policy. Instead of always wearing suits and ties, they began to dress according to the workplace they were visiting, whether an office, a farm or a factory.

That same year, 25 Statistics Canada keypunch operators rearranged their machines, which previously had been set up in line, so that they could be more sociable with one another. They were also permitted, for the first time, to drink coffee at their desks and to make personal phone calls. They reported that their workplace lost its depressing atmosphere and that they felt completely autonomous; their supervisor became an adviser rather than a boss.

And two groups of translators working for the department of the secretary of state were on completely flexible hours with a system of time banking that allowed them to work at home if they wished. Their office furniture was also rearranged to provide for a less impersonal job atmosphere.

The changes were part of an 18-month pilot project to improve the "quality of working life" (QWL) for federal employees. The notion of improving the quality of working life was not new; what was novel about these federal projects was that the employees themselves were involved in the decision-making process that led to the changes.

Several Canadian companies have also initiated QWL programs involving employees in the decisions affecting their work lives. For example, Air Canada began involving employees in two effective QWL pilot projects at its maintenance base at Dorval airport in 1974. After clear successes there, it launched broader projects in its reservations office in Toronto and its accounting office in Winnipeg.

Miracle Food Mart, a subsidiary of Steinberg Ltd., adopted a QWL program at its personnel office in Rexdale, Ontario in 1971, at the employees' suggestion. The clerks learned one another's jobs and, as a result, found their work less monotonous. The operations ran more smoothly because the employees were able to fill in for one another during absences.

At *La Presse,* a French-language daily newspaper in Montreal, management-employee committees were set up after a bitter lockout in 1972. The results included more autonomy for employees in the workplace, improved communication, a better work atmosphere, more rapid solutions to problems, and even improved news coverage.

Several other programs involving a high level of employee participation are underway elsewhere in Canada, but on a low-key basis. As Thomas E. Armstrong, Ontario's deputy minister of labour, explained: "Management and worker representatives don't want the situation to become known until they have proven they can make some progress." Among the employers involved are B.C. Forest Products in MacKenzie, British Columbia, and Alcan Aluminum in Kingston, Ontario.

Employees often prefer a mangement style based on group collaboration and information sharing

Employee involvement in QWL has also been adopted in the U.S. as a major new approach to industrial relations. One of the biggest and most successful projects is at General Motors' Fisher Body plant at Grand Rapids, Michigan, which employs 2,000 hourly paid workers and 300 salaried supervisors, managers and technical staff. To supplement the plant's vertical organization, six work groups crossing departmental lines were established between 1973 and 1976. Each group became, in effect, an autonomous little business, setting its own goals, with its members responsible to each other for "their" business' success. The idea had come from the employees themselves, who preferred a management style based on group collaboration, information sharing, and a lower level of decision making.

The business team concept, which has spread throughout the plant, places less emphasis on authority and more on responsibility, less emphasis on fault-finding and more on co-operation and problem solving. As a result of these changes, the number of grievances and disciplinary cases were substantially reduced during the 1973-77 period; employees

understood production scheduling better and many applied for training to become supervisors; teamwork and general attitudes improved. In addition, team members experienced more freedom to perform their jobs with less direction, although the working relationship with supervisors was closer; members felt closer to daily problems and had a better understanding of how their jobs affected other areas of the business; top plant managers were less involved in the nuts and bolts of production and could devote more time to planning.

Top plant managers, less involved in the nuts and bolts of production, can devote more time to planning

GM's assembly plant division in North Tarrytown, New York, with 3,500 unionized employees, provides another striking QWL success story. The program was launched after a series of emergency meetings in the plant in 1972 to discuss its problems: work below standard, staggering absenteeism and an abnormally high backlog of grievances. As a result of the QWL program, the plant became one of GM's leaders in work quality; absenteeism reached a record low; the number of grievances dropped, and relations with the union improved.

Another U.S. company, Harman International Industries restructured its automobile-mirror producing plant at Bolivar, Tennessee, to make work more satisfying through improved co-operation and participation. Every worker was given a say in decisions directly affecting him or her. In each department a core group of the foreman, the shop steward and one other elected employee was established to receive suggestions at the shop-floor level for restructuring work or launching new programs. That group, in turn, funneled them to a working committee of management and union leaders. Another change was that each worker was allowed to go home whenever his day's production was finished, regardless of the number of hours he worked. The program has resulted in increased productivity, profitability and return on investment, as well as reduced staff turnover and absenteeism.

During the 1971-75 period, academic publications carried reports on at least 14 similar successful experiments in the U.S. The workplaces, representing a wide range of industries, included GM's Lakewood plant in Atlanta, Georgia; Donnelly Mirrors Inc., Holland, Michigan; General Foods' Gaines pet food plant at Topeka, Kansas; Autonetics, a division of North America Rockwell; the University of North Carolina; and Yellow Freight Systems, Kansas City, Missouri. Other workplaces included a small lumber company, a hospital laundry and a specialty steel plant in central Pennsylvania. They involved either changes in supervisory methods or in the "sociotechnical" system — that is the interaction between the technology involved and the relations among the people doing the work.

Where QWL projects have been successful, they have resulted in lower absenteeism and turnover, greater worker satisfaction, higher productivity and lower costs. However, a survey of the research by Work in America Institute, Scarsdale, New York, a non-profit organization established to improve the quality of working life and productivity, found one deficiency in most of the projects: lack of a control group against which to measure the results.

Despite the successes, there have been some notable failures among QWL experiments involving employee participation

There is no doubt that more such projects will be launched in North America. QWL implementation and training centres have been created in Washington, D.C. and Los Angeles, and at McGill University in Montreal. The opening of the McGill centre in 1977 followed an announcement in the Fall of 1976 by Labour Minister John Munro that the federal government was taking initiatives to promote the QWL concept in Canada. Munro said the concept reflects the attitudes and aspirations of a new generation of workers "who are unwilling to spend one third of their adult lives as human cogs in inhuman machines... It recognizes employees as men and women who like to go to work, who like to do a job and who care about productivity." To Munro, the essence of this new approach to the "man-machine" relationship is "to restore — and increase — the participation of workers in production decisions: Employers are discovering that workers have brains and hearts as well as hands and feet."

Jerome M. Rosow, president of Work in America Institute, has also noted that satisfying the expectations and aspirations of today's workers requires "a shift away from totalitarian concepts of management" and placing a higher value on individual employees and groups as factors in work efficiency. "Since employees are critical to the quantity, quality and regularity of production, Rosow asserts, "a progressive attitude toward their motivation, involvement and participation can be a

positive force for efficiency and profitability."

Worker participation in decision making is gaining support as more and more managers recognize that their organization can only gain in strength as they supplement their own expertise with that of their employees. In a survey by the National Center for Productivity and Quality of Working Life, a federal agency based in Washington, D.C., 188 managers, unionists, government officials and others agreed generally that it is desirable to allow employees' more influence over their working environment and working conditions.

Despite those views, there is an influential group of academics and management consultants who stress satisfaction in the *task itself* as a motivator for employees over such social factors as the degree of autonomy or of participation in decision making.

One of the best known proponents of this "orthodox job enrichment" school is Frederick Herzberg to whom achievement, recognition, responsibility and growth are the "motivators" that give workers positive feelings of job satisfaction. He contends that the way to provide these motivators is to restructure jobs so that they challenge workers' abilities. His way to improve the quality of working life is to have the individual worker take on individual responsibility for a task that fulfils him by its very nature, rather than have him get involved in decision making about those tasks.

Herzberg is highly critical of past efforts at worker participation: "Though it may not have been the theoretical intention, job participation often becomes 'give them the big picture.' For example, if a man is tightening 10,000 nuts a day on an assembly line with a torque wrench, tell him he is building a Chevrolet.

Successful QWL programs have meant lower absenteeism and worker turnover, and higher productivity

"Another approach had the goal of giving the employee the feeling that he is determining, in some measure, what he does on the job. The goal was to provide a sense of achievement rather than a substantive achievement in his task. Real achievement, of course, requires a task that makes it possible."

Herzberg is not necessarily opposed to worker participation per se, as long as it also involves job enrichment. This is obvious from several of the items on his own list of essential ingredients to a good job.

"Direct feedback," in which the worker measures his own productivity instead of learning about it from a superior, obviously involves at least some employee participation. So does "client relationship," in which the worker or worker group has to meet specific needs of a particular person or group either within the organization or outside it. "Scheduling of one's own work" is obviously participation, as is "control over one's own costs," which includes "providing employees with minibudgets to run their own operations." Participation is also implied in "direct communication authority," by which Herzberg means communicating directly with workers doing other parts of the job rather than indirectly through a superior.

But orthodox job enrichment may not be the answer to a more satisfying quality of working life for *all* employees. George Strauss, a professor at the School of Business Administration at the University of California, says there is reason to believe that for a wide range of employees — especially those in lower-income categories — *extrinsic* factors such as pay, vacation and even the lighting and temperature of the workplace may be of greater importance than having jobs that offer "challenge, variety or autonomy." Moreover, the research of organizational psychologists P.C. Smith and C.J. Cranny found no simple relationship between organizational incentives — or rewards — employee satisfaction and effective performance. Improving the quality of working life may not improve productivity if, for example, the employees are unskilled. Much depends on the type of industry and occupation.

One big productivity gain came through replacing some managers, an increase in monitoring and central control and tough discipline

Herzberg agrees that job enrichment will not work for everyone, but contends that people who want enriched jobs outnumber those who cannot accept them: "We have a choice, therefore, of structuring work for the vast majority of healthy, capable, motivated individuals, and suffering or otherwise dealing with the smaller percentage of those who prefer or are only capable of doing Mickey Mouse work.... In essence, what we have done in the past is to structure work to meet the needs of this minority of employees."

While a significant number of QWL experiments involving employee participation have resulted in

improved productivity, there have been some notable failures. One involved six groups of highway construction and electrical workers, employed by the Ohio Department of Highways, who were given total responsibility for their work. Productivity declined in two of the groups and did not improve appreciably in the four others. Absenteeism worsened in five of the six.

Another experiment with disappointing results was at Non-Linear Systems, a manufacturer of digital electrical measuring instruments in Del Mar, California. The 340 assembly line employees were divided into small teams, each responsible for setting its own pace, deciding on the allocation of tasks among its members and solving its own internal problems. The program produced a high turnover of department managers — 13 of 30 left in two years — but no increase in plant efficiency or change in the rate of absenteeism, and was abandoned after profits declined.

It is also noteworthy that one of the best productivity gains reported in an analysis by World of Work Institute of 105 productivity experiments in the 1971-75 period was the overhaul of New York City's municipal welfare system, with 27,000 employees. It produced a 16-per-cent increase in employee productivity, a decline in error rate from 35 to 15 per cent, the removal of 13,000 people from welfare rolls, and a big reduction in the backlog of cases. Advocates of employee participation might shudder at the means by which that highly effective program was carried out: "replacement of some managers, increase in monitoring and central control and a tough discipline program."

Edgar H. Schein, a U.S. organizational psychologist, holds that it is

"Complex Man" theorists hold that it is impossible to make any generalizations that apply to all workers

impossible to make any generalizations that apply to all workers, and that the most practical assumption managers can make is that of "complex man" — every individual is different. To support this notion, he cites the research into worker alienation by L.I. Pearlin and Chris Argyris, themselves holders of the concept that workers need "self-actualization" through tasks that are fulfilling. Pearlin and Argyris have found many employees who do not seek challenge or autonomy in their work. Some employees genuinely respect authority and orders from people of higher status in the organization. Their personal needs and predispositions leave them comfortable in highly authoritarian situations that demand little of them in terms of decision making.

Schein has also cited extensive empirical research to demonstrate that motivation of employees may change over time for a variety of reasons: "Employees' motives, perceptions, degrees of effort and experience" in an organization all interact in complex ways, "to produce a given level of performance and a degree of involvement in the organization."

The complex man concept also leads some observers to question whether most employees truly dislike dull, monotonous jobs as much as some better educated academics and management consultants might believe. Psychiatrists from Rutgers University found that 95 per cent of production-line workers at a GM plant in the Baltimore area, for example, reported themselves happy with their jobs and 70 per cent reported no part of their work as tiring or upsetting. These results were not at all consistent with the researchers' hypothesis about the "miserable impact" of dull, production-line employment on the workers' mental health. The researchers spent considerable time in the plant and could not understand why the workers did not express more dissatisfaction.

Some employees are comfortable in highly authoritarian situations that demand little of them in terms of decision making

This is not to say that most workers might not be happier with self-actualizing, fulfilling work; it may be that they don't miss it because they have never experienced the kind of work described by C. Wright Mills as the "craftmanship" model. It would include gratification in the work itself, satisfaction in the final product, and freedom to control one's work activities. The assembly line and other technological changes have eliminated this model from the working lives of most North Americans, and Mills points out that they are not even conscious of the loss:

"The craft life would be immediately available as a fact of consciousness only if in the lifetime of the modern employees they had experienced a shift from one condition to another, which they have not; or if they had grasped it as an ideal meaning of work, which they have not."

Mills said that the satisfaction of the modern worker is grounded in considerations of income, security, power and status — "the morale of the cheerful robots engineered by a managerial elite."

If Mills' perspective were valid when he wrote that in *White Collar* in 1953, and if it holds true today, as much of the empirical research suggests, then one can readily understand some employee apathy (or even resistance) toward certain types of change in the quality of their working lives.

Writing 24 years later, another U.S. sociologist, George Ritzer, warns against the "elitist" trap of imposing the values of executives and academics on workers: "Not everyone wants or needs workplace democracy. Some people may prefer simplistic, repetitive work to the greater complexity and responsibility that comes with democratization. When given the chance to change their work, at least some people will not want to change. We should not force people to change their working pattern in a direction that we think is best for them."

Perhaps the world's best known experience in shop-floor participation is that of the Volvo and Saab auto firms in Sweden, which have drawn praise for "humanizing" the production line. Workers are divided into autonomous groups and the task of each member is not only decided by the group, the tasks are also rotated within the group so that each worker eventually gets to perform all of them. When six U.S. auto workers visited a Swedish car engine assembly plant and were integrated into the groups, their reactions were not what Arthur S. Windberg, a Fordham University researcher, had anticipated. All but one member of the U.S. team complained that the work pace was too fast and felt that the work imposed psychological pressures that far outweighed the benefits of variety. They were, however, favourably impressed by the plant's low noise level, its good

"Auto workers everywhere seem to ignore the recommendations of social scientists that they should hate their jobs."

lighting and its clean air. That reaction supports an argument of Herzberg that the *extrinsic* factors that cause work *dissatisfaction* can be removed even where positive work satisfaction may not be achieved through the task itself.

A review of the academic literature suggests that most assembly-line workers in the U.S. auto industry would have reacted in much the same way if they had visited the Swedish plant. Most studies agree that workers are at best "moderately satisfied" with their jobs, not because of the nature of their tasks but because the wages and fringe benefits they earn enable them to enjoy a much prized standard of living, to seek and experience satisfaction in off-the-job activities. As one member of the "moderately satisfied" school, William H. Form, has observed: "Auto workers everywhere seem to ignore the recommendations of social scientists that they should hate their jobs."

However, Al Nash, an associate professor of industrial and labour relations at Cornell University's New York School of Industrial Relations, has criticized much academic research on auto workers for failing to observe that the workers develop "strategies of independence" that enable them "to protect their personalities from the dehumanizing tendencies of the assembly line."

"Through their collective actions and, of course, their union," Nash observes, "they have improved the quality of working life as expressed in safety, dining facilities, ventilation, lighting, sanitation, heat and the pace of work" — all factors extrinsic to the task itself.

Jack Barbash, a professor of economics at the University of Wisconsin, points out that unions pursue such quality of working life goals as readily as they do wage increases. He also contends that the collective bargaining process itself enhances the quality of working life: "An agreement that is based on the rights and powers of two sides in an adversary relationship is more personally satisfying to an employee than a claim which is dependent solely on the goodwill of an employer."

Meaningful tasks may not be available to all or even a majority of employees

Here organized labour may be recognizing a reality of the workplace: that as industry now is structured, meaningful, fulfilling work may simply not be available to all or even the majority of employees. And if some tasks cannot be made more meaningful, the quality of working life can at least be improved by reducing the extrinsic causes of job dissatisfaction. Among such factors Herzberg lists company policy and administration, supervision, interpersonal relationships, working conditions, salary, status and security. Herzberg terms these "hygiene" factors, contrasting them to the "motivation" factors associated with the task itself.

No one can reasonably doubt that unions in both Canada and the U.S. have done a great deal to enhance the quality of employees' working life and will continue to

do more through collective agreements and the grievance procedure as well as by lobbying governments at all levels. On the other hand, a long history of confrontation has left many union leaders suspicious of QWL initiatives by management as pious attempts to make employees more productive.

As Howard R. Smith of the University of Georgia's department of management aptly puts it: "Such management initiatives are seen as a gift being offered to people long suspicious of gift horses. The employees prefer the life enrichment of higher wages and more time off."

Nevertheless, labour minister Munro is optimistic that the reservations of all parties can be overcome through direct involvement in QWL experiments. "QWL is not an alternative to collective bargaining," Munro says. "But it can complement the benefits which trade unions win for their members at the bargaining table."

From this overview of academic and managerial experience, some generalizations may be drawn about improving the quality of working life in North American workplaces:

- Not all jobs can be made "meaningful" or "challenging" but *working conditions* can be improved.

- Many managers and some academics believe QWL changes would improve productivity but see no need for worker participation in deciding on these changes.

- Some managers and many academics see QWL changes that involve participation as producing positive job satisfaction for workers and also improving productivity.

Some workers may not be the least bit interested in direct participation in decision making

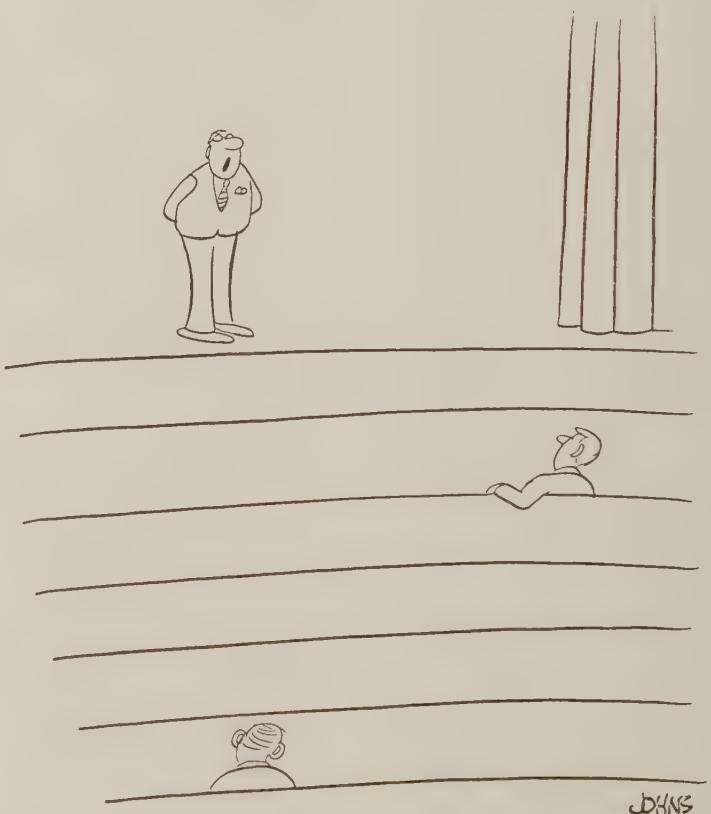
- Some workers may not be the least bit interested in direct participation in decision making because they have never consciously experienced it.

- Some workers prefer tasks that make few demands on them, and want someone to tell them what to do.

- Some experiments aimed at improving QWL through various forms of shop-floor democracy have demonstrated increased productivity and some have not.

- Successful QWL improvements involving worker participation cannot be imposed by fiat on either supervisors or workers but must be acceptable to the persons implementing them.

Finally, a distinction must be noted between two very different forms of participation — consultation and decision making. It is obvious that even when more managers learn to consult employees about workplace changes, they may still be reluctant to surrender to the employees the power to make decisions about those changes. What may be less obvious is that many workers themselves may be unwilling to accept the decisions made by a group of peers, to bow to what Herzberg has referred to as "the tyranny of the group."



" TODAY, GANG, I WANT TO TALK ABOUT ABSENTEEISM ON THE JOB "

For although North Americans are accustomed to political democracy and turn out in force for federal and provincial or state elections, and sometimes even for municipal polling, most have little experience in direct democracy — in decision making by peers in a group situation. Only a minority of union members participate regularly in the democratic processes of their organization. Only a minority of citizens take an active part in the constituency organizations of political parties.

Perhaps further academic research is needed into the preparedness of North American employees for shop-floor or task centred democracy. One of the greatest barriers to worker participation in improving the quality of working life may be that both workers and managers believe, at heart, that "authority knows best." lg

Additional observations on the quality of working life

Current initiatives designed to give employees a more meaningful and significant role in the organization are not in themselves radical departures from the general trend toward improving working conditions which has been continuous in industrial society. The new approach is merely a logical extension of the basic tenet, promulgated by the International Labour Office, that labour is not a commodity.

A common feature of various experiments in Europe and North America is that they have made possible, or increased, worker control over the organization and planning of the immediate work environment, for it is on the shop floor that there is the most scope for developing and implementing new concepts of management.

While there is now a growing awareness of the need to give greater responsibility to individual workers in identifying health and safety hazards and also in the design and application of protective measures, the QWL approach usually is aimed at making work more satisfying by reducing boredom and isolation, and eliminating physical and mental stress on the job. It may take several forms, including the encouragement of greater individual or team responsibility for the organization and management of a task, as well as the extension of the scope and range of the task, as a means of increasing the amount of individual judgement required (job enrichment). Alternatively, the nature of the task may be varied without necessarily adding any intellectual challenge (job enlargement). Or the employee may be permitted to move from time to time to different tasks in order to vary the routine and promote learning (job rotation).

The employee may even be allowed discretion in setting his own work schedule through some form of flextime system, such as those now gaining a firm foothold in North American industry and government. In this way, it is hoped that the full potential of the worker will be tapped, resulting in increased motivation, co-operation and efficiency. Indeed, the quality-of-working-life (QWL) or humanization-of-work concept, being applied in countries like Sweden, U.S., Canada and Australia, has developed largely in response to the need to motivate workers by making work more satisfying. It involves a shift away from the traditional concepts of management, which value obedience and subordination, and places a higher value on individual workers and groups as critical factors in work efficiency.

The United States provides many interesting examples of innovative approaches to management. Several years ago, General Foods' Gaines pet food plant in Topeka, Kansas, introduced a team production program in which shippers and packers, office workers, and employees in processing, safety and quality control formed cohesive units and rotated jobs. They were called upon to assume greater responsibility and to make decisions with no pre-planned rules. The experiment was a striking success. Absenteeism declined to 2 per cent (well below the average for the industry) job turnover, theft and damage to company property were negligible, quality improved and productivity increased by 40 per cent per man-day. But the biggest item was cost savings of $2 million a year — 20 to 40 per cent better than for other, 'traditional', plants in the industry. The impressive material gain, however, was not the only benefit — management reported a

noticeable improvement in employee morale and motivation.

Eleven thousand miles away, production employees at a Philips television factory in Australia were organized into small cohesive groups, each responsible for its own output and product quality. In contrast to traditional assembly operations, individual workers were given the opportunity to complete a whole task requiring a variety of operations and the group met with their supervisor only twice a month. In addition, the work environment was designed in consultation with Philips employees and a bonus was paid to each group on the basis of efficiency. The results were encouraging: efficiency targets were reached and maintained, absenteeism dropped from 24 to 7 per cent, and employees expressed positive feelings about the changes in work organization.

Operations based on group principles and labour-management consultation achieved similar results at two other Philips plants in Australia. The company's Melbourne factory making two-way radio systems recorded a 60 per cent increase in efficiency over three years, quality improved significantly and new products were being introduced more quickly and effectively. On the human side, accident rates fell, complaints from the shop floor declined appreciably, employees and supervisors commented favourably on the new work structure. Philips' new approach is based on the premise that job content should "accord as closely as possible with the capacities and ambitions of the individual employee." In other words, what's good for the employees may also be good for the company.

The fundamental philosophy behind QWL is the recognition that concern for human values must be focused on the workplace, which, after all, is where the individual worker spends the greater part of his waking hours, and where he earns his livelihood. Employees today expect more than material rewards; they want opportunities for self expression, recognition and fulfillment.

Increasingly it is being recognized that the pursuit of such objectives does not conflict with the corporate goal of productivity and profitmaking, but rather tends to increase worker motivation and involvement and hence, usually, efficiency and profitability.

A recent study by Reinhold Weil, director of the Institute for Applied Labour Science in Cologne, Germany, found that "group work and group autonomy are now becoming the slogan for new forms of organization in the European movement." His report, published by the International Institute for Labour Studies, notes that autonomous and semi-autonomous work groups (as an alternative to the assembly line) tend to foster co-operation and more intensive interpersonal relations, to permit greater individual initiative and collective problem solving.

The extent of autonomy depends on the number and importance of the functions assigned to the group. These can include decisions about individual production methods, leadership, personnel questions, the division of work, production processes, and group targets for the quantity and quality of production.

Another study, by John L. Burbidge found that group production methods instead of "mass" assembly lines not only contribute to the humanization of work but also produce major economic advantages.

Professor Burbidge of the International Centre for Advanced Technical and Vocational training in Turin, Italy, found 477 enterprises in 32 countries using work groups with varying degrees of independence to produce a wide range of products. His 18 page report, based on visits to 54 of them, is also published by the International Institute for Labour Studies.

Burbidge notes that the new group production methods come from two different sources: "Some of these groups were formed by production engineers for purely economic reasons but also gained an increase in job satisfaction because the workers preferred the new arrangement to the old traditional forms of organization. Other groups were formed by behavioural scientists, with the main aim of humanizing the work. Most of these cases also achieved economic gains."

Group methods also make it easier to humanize work in other ways; for example, through participative management on the shop floor, and job re-design or restructuring.

Burbidge concludes: "It does seem possible that in group production a new form of organization has been found which will help to solve both economic and social problems."

Weil lists some cost factors, however, for the new forms of work organization:

- Higher expenditures on factory installations, tools, materials and components;

- West German estimates are that unit costs for small-volume group assembly are 5 to 10 per cent higher for manual work and some

30 per cent higher for mechanized work;

- Higher training costs and initiation time;

- Higher production times in some instances;

- In a large number of cases, job enrichment has put workers in higher wage groups.

Nevertheless, "the overwhelming view is that group and individual work methods result in at least the same if not higher output," Weil reports. And almost all firms that have tried the new work forms report a decline in the volume of waste and defects, and lower rates of labour turnover and absenteeism.

Weil concludes that higher costs will be somewhat balanced in the long run by more flexible production, less labour unrest and better quality.

Moreover, one can argue that higher productivity should not be the only reason for humanizing the workplace. Indeed, employers may even have to accept a slight decline in productivity in some instances if they are to restore to workers a sense of dignity and responsibility.

Perhaps the best known example of an attempt to improve the quality of working life on the shop floor is the Volvo assembly plant at Kalmar, Sweden. In order to give the employees a greater opportunity to influence their work environment the traditional car assembly line was replaced by an entirely new production technology. The factory is designed to give small work teams, comprising 15 to 20 workers, their own work areas, which, in fact, resemble small workshops within the larger plant. Each team is accountable for its own part of the assembly work, such as the electrical system, and can decide for itself the division of work between team members and even, to a certain extent, working methods.

It must be added, however, that the experience at Kalmar is mixed. Absenteeism and turnover rates have admittedly declined in comparison with traditional car assembly plants, while the need for supervisory staff has been reduced, and quality has improved. However, against this must be weighed the fact that plant construction costs were 10 per cent higher than for a conventional assembly line and this has not been offset by any corresponding increase in efficiency.

This effectively highlights one of the major obstacles to improving worklife on the shop floor. Both employees and management may be anxious about the *economic* implications of this approach, for wages and efficiency, as well as for initial set-up costs. In addition, workers and their trade unions may be mistrustful of management initiatives, particularly if they appear to be gimmicks designed to raise productivity and reduce costs without corresponding increases in wages.

This is not to say that unions are indifferent to the need for humanizing work, but they believe that the proper way to deal with problems at the workplace is to tackle them one at a time through collective bargaining.

Decentralized management patterns and self-managing work groups present a challenge to trade unions to adapt their ideology and structures to the changing roles of workers and managers, and to develop new ways to inform and train their members. Supervisory staff, who face an adjustment problem when the authority structure is altered and their traditional functions are undermined, also must be retrained for the workstyles of the future. lg

G.S.

QWL: Where do we go from here?

A labour-management conference on the quality of working life, at Kitchener Ont., Sept. 22, heard a progress report from Labour Minister John Munro on planning for the establishment of a national QWL Centre, and discussed applications of the QWL concept in the context of Canadian society.

The conference was sponsored by Labour Canada and developed by a steering committee of union, management, academic and government representatives.

Munro said that after consultations with trade unionists, business leaders and representatives of provincial governments, officials of the department have prepared a draft constitution "and generally have proceeded to the point where what remains now is some commitment from the provincial governments and the Canadian Labour Congress."

From Cliff Pilkey, president of the Ontario Federation of Labour, the conference participants heard both support for the QWL concept and an admonition against imposing QWL programs arbitrarily on workers.

To organized labour, Pilkey said, QWL in the Canadian context relates not to board or factory-level decision making but to the shop-floor — "involving workers in the part of the decision-making process that relates to their own jobs, not to the location of the plant or the product to be produced, but the actual job the workers perform."

"QWL is not meant to be converted into a scheme for increased productivity and nothing else"

"If workers were made part of that process," he asserted, "absenteeism and turnover would be reduced and there would be a better work environment. Even more important, it would begin a new method of communication between supervisors and employees, and possibly produce a greater sense of trust." It is essential, he said, to involve the union in the implementation of any shop-floor QWL programs if they are to be effective.

Pilkey said emphasis on QWL is particularly necessary today because many young workers are unwilling to accept authoritarian management and supervision, and are taking their frustration out in many harmful ways, including absenteeism, alcoholism and drugs. Munro also asserted that today's more highly educated work force "is less and less willing to tolerate for any length of time dehumanizing work situations."

A management view was presented by D.R. Brown, vice-president, human resources for Canadian General Electric. To him QWL meant "for people within an organization to manage it collaboratively in such a way that the goals and purposes of the organization are achieved and there is growth in the self-worth of the individual within the organization."

He said that 'ambitious' target is attainable because it is increasingly evident that an organization's productivity increases when people have an increased opportunity to participate in and contribute to the goals of the organization. "In fully effective organizations, organization goals and people goals are mutually supporting rather than conflicting," he said.

It is urgent, he continued, that any hope of increased real income for Canadians be matched with increased productivity. Canada has become the world's highest per capita importer of manufactured goods, he noted, and is losing an estimated 500,000 jobs a year because of "a steadily increasing proportion of imported manufactured goods that we Canadians are buying instead of 'made in Canada' products."

Brown said that if QWL is to be implemented in an organization, there must be support at the organization's policy-making level — "both a supporting climate and the resources necessary to facilitate the change."

"What remains now is some commitment from the provincial governments and the Canadian Labour Congress"

He saw government's role as expanding in the existing body of knowledge — "fostering and coordinating the identification, conduct and reporting of research and other initiatives within the total Canadian scene."

Dr. Ian Meadows, an assistant professor of organizational behaviour at McMaster University, Hamilton, Ont., said that while QWL 'could' be perverted into "a scheme for increased productivity and nothing else," this is not the way it is meant to work: "If properly carried forward, with union and employees taking part, there is no room for such tricks."

Munro said several successful QWL experiments in Canada have increased both productivity and job satisfaction: "By allowing for more shop-floor democracy, employers have found that their organization is able to do more with less, to be more effective, and to have more flexibility."

"In a time of stiff international competition for product markets, such a condition cannot but help to improve our employment prospects and over-all economic performance. Hence the needs of the individual, the organization and the nation are served by the implementation of QWL principles. lg

R.L.

Worker directors and company law

by Frank R. Anton

Literature dealing with the possibility of introducing worker participation in North America has given little attention so far to the functions and responsibilities of worker directors in the board rooms of limited liability companies, and to the changes in corporate law that would undoubtedly become necessary if employees were to be accommodated on company boards. The aim of this paper is to discuss *in general terms* some of the possible implications for organizational structures should a decision be made in favour of employee representation on boards of directors.

Company law in North America traditionally gives shareholders the right to appoint directors, thus the question arises, how would *worker directors* who are *not* shareholders be accommodated? More complex and controversial is the issue of the legal duties of directors to act in the best interests of the company, and whether this can be narrowly interpreted to mean the best interests of shareholders alone or extended to include other groups such as employees and customers. Similarly, would employee representatives on boards be expected to place the wider interests of the company and shareholders above those of their constituents when these interests do not happen to coincide? It will be seen that a system of codetermination may inadvertently give rise to legal impediments that need clarification.

North American corporate law is based on the assumption of private ownership, with control of the company residing with the

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owners in their capacity as shareholders. The law grants shareholders the collective right to participate in the voting to elect directors, thereby giving them a say in the management of the company. They also have the right to share in the company's profits (declared as a dividend by the directors) and in the assets of the company in the event of dissolution. Collectively, shareholders appoint the company's auditors and accept or reject bylaws or articles of association passed by directors in the course of the year. While companies are governed principally by their own by-laws they are also bound by the overriding dictates of corporation law. It should be noted, however, that the mere ownership of shares in a company does not automatically give a person the right to intervene in the management of the company.

Almost invariably, shareholders delegate the management of the company to appointed officers. This delegation may be revoked by changing the by-laws or dismissing those appointed. Shareholders' authority to appoint auditors, approve compensatory payments to directors for loss of office, agree to changes in the capital structure and place the company in voluntary liquidation cannot be delegated. In practice, however, unless the shareholders are sufficiently organized, they usually exercise their powers on the advice and initiative of the board of directors.

...supervisory boards have no managerial functions, they...possess important supervisory powers over management.

The order of authority in a company descends as follows: shareholders, directors, executive officers and employees, with the shareholders having the sole right to elect — or remove — directors. Most provinces in Canada insist that there be at least three directors, although Alberta, British Columbia, Nova Scotia and Saskatchewan allow for two. When there are more than six directors, they may, with the shareholders' permission, elect an executive committee from among themselves, with decisions of the committee subject to review by the whole board.

A main characteristic of company law in Canada is its flexibility, keeping interference in the organization of companies to a minimum. True, the legal framework is established but there is little dictation of the structure that limited liability companies must follow.

Company directors have a number of legal duties and responsibilities in addition to those conferred on them by company by-laws.

Fiduciary duties require directors to act in *what they believe to be the best interests of the company*

they serve. To achieve this, outside interests that interfere or conflict with corporate responsibilities should be minimized, and no unapproved (secret) profit should accrue to directors from holding office. Conditions surrounding insider trading in company shares are well protected by law in contrast to the weak conventions governing confidential corporate information.

The degree of care and skill directors are expected to display in carrying out their duties is far from clear. Before worker directors are appointed to boards the law would need to be clarified for the benefit of all concerned to reduce the possibility of directors inadvertently committing such acts as negligence, misfeasance or fraudulent trading.

Whatever model of worker participation is contemplated in Canada, of particular significance is the corporate requirement that directors act in what they believe to be "the best interests of the company." Theoretically, corporate shareholder and employee interests may be said to coincide. In practice, however, this may not be so, particularly in the short run, when for instance the question of redundancies may arise should a decision be made to substitute capital equipment for labour or to close down a branch plant in the interest of efficiency.

Clearly a new approach is needed requiring directors to consider employees' interests. But in any event, where worker directors (whether union or non-union) are appointed to boards it would be highly unrealistic to expect them to pay sole regard to the best interests of the company to the exclusion of their fellow workers' interests. Given the scope for diversity of values among directors of different economic backgrounds, how far their duties should be specified in law or promulgated in the form of general guidelines becomes a highly controversial question.

Corporate by-laws are the detailed rules governing companies' day-to-day operations. They embody official policy binding the actions and decisions of directors. Power to originate by-laws lies with the directors but they must be confirmed by a majority of the shareholders.

...it may be better to operate within the present flexible system rather than impose rigid or inappropriate legal formulae

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There are three main categories of by-laws:

(1) by-laws of general rules of application or operation,

(2) by-laws authorizing changes to the incorporating document, and

(3) by-laws conferring on directors shareholders' authority to undertake specific transactions not covered under (1) above.

In practice, however, there is great diversity in how companies reach decisions, and in the size, composition and functions of boards of directors. The law may specify the minimum number of directors but it does not state the maximum. Thus the size and composition of boards vary widely, depending on corporate needs, although as a general rule they tend to be proportionate to corporate size.

Since the role of a board will tend to correspond with the size, organizational structure and type of product (or service) of a corporation, it is impossible to generalize on the part boards play in corporate decision making. Evidence suggests that the structures of boards may range from those found in small companies, where executive boards of managers may be actively involved in all aspects of the business, to the decentralized groups of large corporations, where types of "holding company" boards appoint top management and allocate funds but delegate day-to-day operations to divisional boards of directors.

Should board-level worker participation be introduced in Canada, some general guidelines may be helpful in establishing which board in a multi-board corporation bears ultimate responsibility for such important matters as the appointment, remuneration and dismissal of top management; company plans, objectives, investment and expenditures; and, within the context of industrial relations, the approval of overall employment policies, including perhaps decisions on extensive layoffs and redundancies. Alternatively, where the boards of large companies delegate considerable responsibility to formal management committees composed of executive directors and divisional managers, the powers of such committees should be specified.

Evidence regarding the role of non-executive directors on boards and in corporate decision making is hard to come by but the general opinion is that they primarily serve as custodians of shareholders' interests and as independent advisors on general corporate policies. They may also be appointed in order to lend prestige to companies and because of their special knowledge of, and influence in, the world of labour, management and government.

Analysis of Canadian corporate structures has led some observers

to conclude that they cannot be categorized. Theoretically, however, it may be agreed that these tend to be unitary, although in many instances the dichotomy between theory and practice may lead large corporations to adopt what is in effect a *two-tier system* (remotely akin to some West European models) with ill-defined powers, where the functions of supervision and management are shared at different levels of the enterprise. Technically the power of initiative over decision making may be retained by a main board.

The important issue here is not the structure of boards of directors but rather the locus, magnitude and importance of decision-making functions in the company in the event that employee representatives are called upon to participate. At which level and on which board or committee would worker directors have the opportunity to express views on, and have a say in, decisions that affect them? Moreover, crucial to the controversy surrounding worker participation is the question *whether employee involvement in the decision-making process can best be achieved within the existing framework of Canadian company law or through a revised two-tier system, along West German lines, of a supervisory and a management board, each with carefully defined powers,* or even by adopting a modified Danish model, which recognizes overlapping jurisdictions between supervisory boards of directors and management.

Insofar as company law and practice in Canada are tolerably consistent with or may be modified to accommodate the principles of *effective* employee representation on boards of directors, it may be better to operate within the present flexible system rather than impose rigid or inappropriate legal

...the introduction of a two-tier system in Canada need not follow the formal West German approach.

formulae that may prevent companies from devising structures best suited to their purposes. This is not to suggest that the law remain unclarified regarding the role of boards and their relationship to shareholders, management and employees. Introducing worker participation at the board-room level without clarifying the present system could mean that employee representatives on boards have the illusion of influencing decisions that in effect are made either by shareholders or management committees. Moreover, it would be unfair to ask management to accept worker directors on boards without defining the role and functions of such newly constituted bodies. The authority of management and their responsibility to these boards must be formally spelled out along with any restrictions on their discretion to take executive action in the absence of policy guidelines.

It will be clear from the foregoing that if it is agreed that industrial democracy could be served in Canada by accepting the principle of worker participation in managerial decision making, then in addition to attitudinal changes some ideological changes in company law and practice would be called for to accommodate those employee representatives who are elected to serve on boards of directors as *direct representatives* of their fellow employees, and who are free from dismissal at the whims of the shareholders. Two problems arise in obtaining corporate efficiency in light of this new relationship between labour and capital: (1) how best to balance the interests of employees and shareholders so that the former can make a genuine and useful input into corporate decisions while the latter retain a say in how their investments in the company are managed; (2) how to achieve the desirable objectives subsumed under (1) with the minimum of legal and government intervention.

Given the interest in, and success attributed to, the West German system of worker participation, it is inevitable that debate will centre on the merits of that country's *statutory* two-tier board structure compared with the existing unitary North American system, which, with appropriate modifications, may fit a Canadian or U.S. model of worker participation. The distinction between the two systems is at times clouded in view of the emergence of a *de facto* two-tier system in large companies in Canada, but it should be borne in mind that in West Germany the law is unequivocal in establishing two tiers of corporate control: the board of management and the supervisory board, on which employees are represented. The functions of each are detailed in law, with supervisory boards consisting of equal employee representation required in all companies employing 2,000 or more workers.

Although supervisory boards have no managerial functions, they nevertheless possess important supervisory powers over management. They appoint management boards, scrutinize company accounts and accept responsibility for all major policy decisions. Their powers of intervention are, however, circumscribed in that they cannot arbitrarily dismiss members of boards of management without cause before the expiration of term, and in that their veto rights over certain transac-

'Yes, yes, I know we have problems in the production department, but I'm more interested in whether you felt much was lost in the English translation of Thucydides' "History of the Peloponnesian War."'

tions may be overruled if management can obtain the support of 75 per cent of shareholders. *Both boards are responsible to the company, not the shareholders.*

The substitution of a modified form of the West German two-tier statutory system for a unitary one might lead to instances where two different and separate corporate procedures could prevail. This could happen if some small companies with say fewer than a specified number of employees were not required to adopt worker participation or where unions were unable to agree on the principle of the system (and therefore did not request it) or failed to obtain sufficient support for it from their members.

It has been argued that the introduction of a two-tier system in Canada need not follow the *formal* West German approach. It is thought that an *informal* system comparable to the more flexible Danish model could become operationally functional within a North American context (given a high degree of goodwill). But before we adopt even the less formal Danish approach, a number of aspects deserve our careful consideration.

A main characteristic of company law in Canada is its flexibility, keeping interference in the organization of companies to a minimum.

For instance, there may be demands that the separation of supervisory board responsibility for strategic policy and supervision of management from those of managerial decision making be legally specified along with the respective functions of each board. To attempt to codify these functions and impose unfamiliar regulations on the highly flexible and pragmatic Canadian system might be detrimental to managerial efficiency. Interposing separate managerial and supervisory functions bearing little resemblance to the corporate structure which had evolved over the life of the company could be disruptive and might ultimately become inoperable. Evidence from France suggests that the introduction of an *optional* two-tier system in that country has had only limited success, due primarily to friction and conflict between supervisory boards on the one hand and management boards — which tend to be controlled by shareholders — on the other. It is important to note that the West German system of two-tier boards evolved over decades — long before worker participation was considered — in response to shareholders' demands that they be allowed closer supervision of management. The corporate structure there thus developed within this legal framework before representation became an issue. To attempt to graft that kind of inflexible two-tier system on to an entrenched North American system might frustrate the endeavour to improve industrial relations, and inadvertently enlarge managerial prerogatives by its mere inflexibility. For these reasons, the less restrictive Danish two-tier system seems more ac-

ceptable within a Canadian or U.S. context. It permits supervisory boards to intervene in managerial board functions while clearly recognizing overlapping jurisdictions. It falls well short of allowing the top board to intervene in day-to-day management functions, however.

Boards of directors in Denmark (including employee representatives) are responsible for the management of companies and take part in management *via* management boards. Members of boards of management operate according to guidelines and instructions from the boards of directors, *subject to certain provisions designed to promote efficient decision making within each enterprise*. The intent is to ensure that supervisory boards are strong enough to influence managerial decisions while still allowing managers to manage. Moreover, having employee representation on top boards of a two-tier system avoids the problem of a unitary system, which may give worker directors too much contact with day-to-day management.

Irrespective of whether a two-tier or a unitary system of employee representation is followed in Canada, if worker directors are to have a voice in company affairs, the role and functions of boards of directors will need to be clarified so that final decisions on major questions of policy are not taken outside of boardrooms or overruled at shareholders' meetings. It would therefore be desirable to specify more precisely in law at what point corporate decision-making powers would rest with boards of directors, under what circumstances the latter would be allowed to delegate authority to top management and which kinds of boardroom proposals shareholders would be given the right to accept or reject.

There are several important functions normally considered the sole responsibility of boards of directors. These include the dissolution of the company, changes in the articles of association, decisions re payment of dividends, modifications in the company's capital structure and the sale of assets, disposition or allocation of resources, and all aspects of top management's terms of employment.

Clearly a new approach is needed requiring directors to consider employees' interests...

Reserving these functions for consideration by directors would not call for any substantive changes in the current procedures of most companies. However, there are implicit changes relating to functions attributed to boards, which, when specified, might restrict management's right (but not initiative) to act unilaterally where ultimate responsibility resides with boards. Such constraints might not represent major changes for many companies in Canada since most important corporate matters are invariably referred to boards of directors for final decision. The significance of codifying these board functions lies in protecting employee representatives from dictatorial attempts by management to bypass their boards.

Acceptance of the above suggestions need not negate the power of boards to delegate authority to management. Delegation is essential for corporate efficiency. Prior agreement on whether an important issue such as collective bargaining will be undertaken at the shop steward-middle management or top-management levels or dealt with initially in the boardroom would need to be reached.

The expectation is, however, that in order to accommodate employee representatives on boards, the onus would rest with newly formed boards to decide whether matters previously delegated entirely to management are to be discussed in boardrooms before decisions to delegate are made. No doubt difficulties would arise in establishing guidelines on which policies and matters are considered of sufficient importance for board review and decision and which properly belong to management. Eschewing the codified West German approach in favour of flexibility would permit each company to devise its own participation techniques best suited to the circumstances.

The relationship between boards of directors and shareholders would be modified under the above proposals as the traditional synonymity of shareholders and company ownership changes. The power of shareholders to overrule board decisions on matters important to employees and management would no longer be unrestricted. Worker participation implies a partnership between capital and labour (rather than an adversary relationship), with management acting as the go-between yet serving to promote the interests of all parties. To illustrate, not only shareholders but also employees are affected by changes in a company's articles of association, capital structure, payment of dividends, sale of assets or dissolution of the business. Instead of decisions on these matters being an exclusive prerogative of shareholders they would now require consultation with boards, since it is improbable that employee representatives (particularly if their constituents are represented by strong unions)

would find the status quo acceptable. But these proposed changes may not in fact be as drastic as they seem. Current practice among progressive companies is for all concerned to consult with each other on most important corporate matters.

Formalizing this consultative mechanism by specifying how power to take decisions between boards and shareholders will be distributed would be advantageous. Most companies in Canada include in their articles of association provisions empowering the directors to originate by-laws (subject to confirmation by a majority of shareholders) and to declare dividends. Minor amendments would bring the law into line with reality. Shareholders could retain veto power over board decisions but they would be unable to take an unusual step such as initiating major policy changes without prior approval of a board. It is worth noting that in many states in the U.S. shareholders do not possess the sole right to decide certain important matters of corporate structure or policy; proposals emanating from boards of directors are approved or vetoed or require approval of both before a decision is agreed.

Worker participation would of course reduce shareholders' power of control over board appointments in that a proportion of these appointments would not be made by the employees. Apart from this change, the power of shareholders to appoint directors would remain substantially the same.

With employee representatives on boards of directors, it would not be unreasonable for both representatives and constituents to expect some statement of basic duties required. Whether these duties should initially appear as guidelines that may subsequently be codified is an open question. Flexibility and perhaps a period of experimentation are called for while worker directors gain experience. All directors should have the same unequivocally stated duties and responsibilities.

...it would be unfair to ask management to accept worker directors on boards without defining the role and functions of such newly constituted bodies

This does not preclude worker directors from taking into account the interests of their constituents, however, although it should be made explicit that voting in a particular way on trade union instructions would be inimical to the cause of industrial democracy. By striving for the objectives of corporate efficiency and economic viability, directors would advance the interests of all concerned.

Employee representatives would no doubt be expected to report back to their constituents. Directors' reports, audits and other pertinent documents available for shareholders' inspection should therefore be made available to employees. European experience indicates that these are essential steps for the success of worker participation and that one of the major advantages of representation lies in the more general acceptability by workers of decisions that have been reached by boards that included employee representatives. Reporting back inevitably raises the question of confidentiality and whether legal restraints should be placed on the right of worker directors to disclose classified information to their colleagues. Most West European jurisdictions now make it mandatory for companies to disclose information to trade unions in the belief that the resulting benefits of increasing confidence and understanding between management and workers far outweigh the potential cost in terms of breaches of real or assumed confidential information. The rules of confidentiality can always be invoked when warranted while still providing for the release of confidential information where relevant to collective bargaining. Evidence from West Germany and Sweden suggests that the question of confidentiality — considered highly contentious when experiments with employee representation were first introduced — turned out to be insignificant. Any system of industrial relations is not without its difficulties. Worker participation is no exception. Would it be too much to hope that many of the anticipated obstacles may turn out to be illusory were worker participation to be introduced in Canada? lg

The worker director and role conflict

by John Bank

Pooh-Bah: *"Of course, as First Lord of the Treasury, I could propose a special vote that would cover all expenses (of your wedding), if it were not that, as Leader of the Opposition, it would be my duty to resist it, tooth and nail. Or, as Paymaster-General, I could so cook the accounts that, as Lord High Auditor, I should never discover the fraud. But then, as Archbishop of Titipu, it would be my duty to denounce my dishonesty and give myself into my own custody as First Commissioner of Police."*

Ko-Ko: *"That's extremely awkward."*

W.S. Gilbert, *The Mikado*

"How you feel inside is important. You go into a board meeting and all the evidence is put before you for demanning. You know specifically that such a decision will cut a crew back from eight to six men. Experiencing that, you then walk out of the meeting and later in your role as plant secretary for your trade union you get word that they are going to deman and you have to fight it and say it's bloody well not on. It gets a bit awkward because you're the same person."

A British Steel Corporation worker director

In an attempt to avoid role conflict during the first four experimental years of the British Steel Corporation's worker director scheme, 1968-1972, the worker directors were required to relinquish their trade union offices before appointment as directors.

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Nowhere else in Europe were worker directors required to resign their trade union posts. It was a mistake, as the Bullock report pointed out earlier this year: "It had the effect of alienating employee representatives from the unions and the union membership, and when the scheme was revised, the requirement that employee representatives on the board should not be union office holders was dropped."

"Initially, it seemed that no one connected with this employee director experiment could give us any clear lines as to what our actual role should be," one of the worker directors recalled. "And because of this, we were left to develop it to the best of our ability."

"I took more of a hammering from management than I did from the trade unions," another man said. "There was a measure of goodwill with the trade unions. I could still go to my branch meetings and to the joint committee and things didn't change much.

"The conflict comes home to you when you're at a meeting with trade unions and management there...but there's no way you can forget that you're a trade unionist first."

"Management below board level couldn't understand how we could have a relationship. These men were the ones I had dealt with as a union representative. They became unsure of themselves, realizing that I now had access to levels of information they didn't have. They resented this and felt they had an equal right to have this information, possibly a greater right. They gave me a real hammering.

"I admit it is a bit awkward. One day the department manager is my boss and I have to carry out his instructions like other workers. The next day I'm off to a board meeting, and it's a meeting he'd love to go to. All this while, it never occurred to us to say: 'Let's sit down and see where we stand and what our relationship should be in this new order.' I had mistakenly assumed that life would go on just as normal for me. I didn't allow for envy, jealousy and bitterness."

Conflicts from an ill-defined role, the resignation of trade union office, the suspicions of shop floor workers, the indifference of trade unions, and open hostility from some quarters of management, gave the original 12 BSC worker directors a trial by fire. They survived. Today there are 17 worker directors at divisional level and one on the corporation board. A division encompasses as many as 90,000 employees and none fewer than 46,000.

Twelve of the 17 BSC divisional worker directors now hold elected trade union office. The offices range from "committee man" to

"branch secretary", "convenor of shop stewards" to "national president". Only four of the 12 union office holders admit to experiencing role conflict as an employee director and a trade union official.

Role can be defined as, "the actions performed by a person to justify his occupation of a position" (which is usually imprecisely defined). Role conflict results from the necessity for someone to fulfil one or more roles in the same situation. The conflict can arise within the role itself when the role expectations are unclear or incompatible for the role. Or roles themselves may be in conflict.

...the employee director's role goes beyond that of an expert. He is also a representative.

Role conflict (conflicting roles) differs from role incompatibility, which involves conflicting expectations. Role conflict also differs from role ambiguity, which occurs when there is some uncertainty as to a person's role at a precise time. (Job descriptions are supposed to lessen role ambiguity, but they usually offer only partial role definition.)

A few of the worker directors who hold union office say they experience role conflict when their two roles — that of director and worker representative — collide. Is it possible to be both a company director and shop steward?

"The conflict comes home to you when you're at a meeting with trade unions and management there. You're trying to get a point across when someone from the shop floor challenges you as to which side you're on, but there's no way you can forget that you're a trade unionist first," one worker director said.

"You tell the men it's being discussed and it's confidential," another worker director said. "You say you'll let them know as soon as it becomes available. And when it does you make your peace with the men. People say what a conflict you must experience from all the pressures that are on you — loyalty to this one, to that one. I am not unduly worried about conflict, because a good manager and a good employee director become adept at handling conflict."

But another man admitted: "I haven't reconciled the role of being employee director with being a senior trade union official. It's very difficult to convince the shop floor that you're doing your damnedest to influence the board to give them the best possible working conditions and pay."

"Being twin-hatted isn't a problem for me," another man said. I believe that if you can't ride two horses at once you don't belong in the circus. There's a role to be played as an active trade unionist and a role as an active employee director. I can't see any conflict between them. Once we talk about conflict we're going the route of 'them and us'."

A few examples illustrate the divergence of views employee directors have about having a dual role as an employee director and a trade union officer.

One employee director who is also the national president of his union feels no role conflict as such. His major conflict in performing both duties comes from lack of time to do two demanding "full-time" jobs.

"I have no divided loyalties. As an employee director I look after the interests of all employees, from the sweeper up to the chairman; as a trade union leader I look after my members' interests. The knowledge and information I acquire from both positions I hold is used effectively to achieve the most efficient industry possible, for the benefit of the people who are employed in it. The steel industry after all belongs to the people who work in it, and the employee director or the trade union leader's job is looking after people. To do this well you must be *involved* in the running of the business."

"All roles are cages, but some roles are cagier than others."

Two employee directors were in the position of being barred from trade union office by their own national unions. One of them had actually been elected to office by his branch and later had to resign. The other was kept from being elected branch chairman by his national union's intervention.

He had been a member of his union's national executive committee before resigning to become an employee director with the original group. "It would be nice if my union did the same as the rest and permitted me to hold an official position. I would probably opt to be, if at all possible, the branch chairman or a committee man, but not the delegate.

"I got to branch meetings where the men looked at me as a sort of elder statesman," he continued. "I have clearly indicated to the official and the delegate that they have my whole-hearted support provided they work by the union constitution, and my full-time official knows this. But not holdin

union office doesn't stop me from going upstairs to meet management on a union deputation."

A third employee director is a bit of a maverick in that he deliberately chooses not to hold union office. As one of the original employee directors, he was required to relinquish his trade union positions as staff branch secretary to the trade group, and executive member. But when the ban was lifted he never sought union office again. Part of the problem of trying to do both he feels is linked to the multiplicity of unions in the steel industry (there are 15 major TUC-affiliated unions).

"In the absence of one union, I have grave doubts that the holding of union office by an employee director will further the cause of participation," he said. "I can hold office in only my own union. It would not be practicable for me to be equally involved with all the unions within my area. I should lose credibility if I were seen to be unable to influence decisions in favour of all the unions, not just my own. If I am to make a good job of being an employee director I must remain credible — with everybody: employees, unions and management.

"At the moment my role as employee director can take me into all levels of discussion, which is most helpful in understanding the day-to-day management of an industry. Holding no union office, I am able to talk and discuss with management without fear or favour. My status does not depend on and is not influenced by my holding union office. If I were a member of a union's negotiating team I could make use of information available to me in order to win a case. This possibility would be bound to make my relationship with management suffer, and my ability to perform a meaningful

We all want to see retired citizens living in security, dignity and comfort

role in general terms as an employee director would be reduced."

Most men view their dual role as employee director and trade union delegate totally differently from the man quoted above. "I was appointed delegate from my branch" one man said. "I went with a deputation and reached an agreement which was absolutely satisfactory to the branch. During the three or four long periods of negotiations to reach that agreement, my employee director's responsibilities never came into the reckoning in any shape or form. I have always held the view from that very first experience that this dual role is something that can be done and should be done."

It is not simply a matter of wearing two hats — the trade union official's and the employee director's. There is a role conflict built into the post of employee director. In what capacity is he a member of the board?

"I'm an expert on how shop floor people think and react," one man said. "Unless I can project their feelings and opinions, I'm valueless."

If he is on the board as an *expert,* he acts as an advisor on matters affecting employees' interests. He gives his opinion on how employees will react to various proposals. In this role the employee director is no different from other directors who are there for their expertise to advise the board on financial or technical matters. His specialty is knowing how employees feel and think.

But the employee director's role goes beyond that of an expert. He is also a *representative.* "Actually you're there because you've been appointed to the board after going through a selection process. So, as an employee director you're a representative of the employees, just like you're a representative in joint consultation and in collective bargaining" one man said.

"The engineering director is not representative of anyone," another added. "He gets paid to do a technical job. But employee directors are not in the same category; we are representatives. As such we have the right to dissent on certain decisions and have our dissent recorded. I don't think we have the right to resign, the way a delegate would. We must look after the interests of the employees."

The question is whether pension systems as they now exist can do the job — and at a price individual Canadians, employers and governments can afford

As a representative on the board, the worker director's role is analogous to that of a major institutional shareholder, which has a board member to protect its own interest. His interest, of course, is the employees' welfare. The employee director is also like a member of Parliament, a representative who ultimately has the freedom to make up his mind on the issues and then has to report back to his constituency.

The worker directors do not consider themselves to be delegates, for delegates are mandated. They carry no specific mandate from the employees and have not been mandated by the trade unions,

even on controversial issues like closures. Since the outset of the worker director experiment, the BSC worker directors have been defining and expanding their role against the corporation's retrenchment. By the early 1980s, BSC plans to have increased its steel production from about 24 million tons to between 36 and 38 million tons a year, while cutting back its workforce from its present level of about 215,000 to 180,000. It will concentrate steelmaking on six major sites compared with 30 in 1970.

The question of resignation is not clear, but most employee directors feel that the TUC Steel Committee would have the right to ask them to resign over a major issue of conflict between the committee and the BSC.

Such a case occurred in late 1975 when the corporation told the trade unions they intended to terminate unilaterally the guaranteed work agreement in order to try to reduce labour costs. (The corporation claimed that it was losing over £1 million [about $1.80 million] a day.)

"If the guaranteed-work dispute had reached the point of complete breakdown between the TUC steel committee and the BSC, and all co-operation from the unions had been withdrawn, they could have expected us to hand in our resignations," one man said. "If this had happened (it didn't), there would have been no doubt in my mind what I would have done. My resignation would have been in the first post the following morning."

All the BSC worker directors feel the executive committees of their own particular unions do not have

Labour and management frequently disagree over the cost of certain pension improvements

the right to demand their resignation. They fear it could be a matter of personalities. Since the individual employee directors are nominated for four-year terms through their own trade unions, they feel that they should be permitted to serve that term and then have to face the judgment of their "electorate" again. However, they do agree that in certain circumstances the TUC steel committee and the chairman of the corporation could, by a joint decision, remove any divisional level worker director from office.

Having the dual role of director and trade union leader can have its pay-offs. During the 1974 coal strike that brought down the last Tory government, a worker director was worried about damage to his steel plant. "We needed this particular coal from the Derbyshire area for our boiler plant," he recalled. "The branch secretary and I got ourselves invited to a general meeting of the striking miners in that area. At first we got a few boos and jeers. But after putting our case, they said yes and fetched sandwiches for us from the strike kitchen. The lorries were lined up and pickets from that area rode shotgun on their lorries to bring us the coal in South Yorkshire."

In analyzing attitudes toward the idea of worker directors in the BSC, a team of researchers in 1971 found that union stewards in the steel industry were the most in favour of the idea (88.5 per cent). Employees in general were next (74.6 per cent). Then came full-time union officials (65 per cent), directors (56 per cent) and lastly managers, with only 42 per cent in favour of worker directors.

There is no more up-to-date information to demonstrate whether, with the passage of time, the worker directors have become more or less acceptable to managers and employees. My own work has been focused on talking to the worker directors themselves. And *they* feel they have coped well with the conflicts in their roles. "O.K. there is sometimes a conflict between my job as a trade union representative and as a board member but this type of situation is nothing new to a branch trade union official who is also a member of his executive council," one of the worker directors summed up. "We all soon noticed at the board meetings that on many issues other directors who also had executive responsibilities for a particular function or plant, often had divided loyalties. So what is all the fuss about? The important thing is to be honest to the members one represents, the board on which one serves, and oneself."

A major examination now is being made of the private and public pension systems

That seems a fair enough assessment. The only missing bit can be supplied from graffiti on a steel plant wall: "All roles are cages, but some roles are cagier than others." lg

Local unions in the fight against alcoholism

by Dieter Schachhuber

This article was prompted by the paucity of material available to local union members and officers which would explain their own role in the fight against alcoholism.* Again and again, local members ask the question "What can we do, how can we deal with the problem at our level?" The literature is vague or silent on this question, even though much has been written and said about the role of unions in joint labour-management alcoholism programs.

Some of the suggestions made here about the role of the local union may appear at first glance to be controversial. Certainly many go beyond what is being done now. However, they were developed through discussions, seminars, and workshops in which local members and officers freely expressed their opinions. Thus, these comments and recommendations appear to be acceptable to a large number of union members, even though union involvement in formal programs seems to be more tentative than suggested here.

Many local unionists feel responsible for a good work environment and good human relations at work. When these are disrupted they want something done. However, too often this is seen as management's responsibility, especially since national and international unions and their organizations have done little to help local unions to deal with the problem.

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The fight against alcoholism has been out in the open for some time. Diagnosis and treatment are becoming increasingly available, while ignorance and condemnation of alcoholism and alcoholics are no longer acceptable. Management, governments, social and health agencies have long realized the social and economic costs and have accepted that the benefits of rehabilitation by far outweigh its costs. Thus there has been a strong economic impetus toward alcoholism rehabilitation. This impetus has been lacking in the unions, because they do not bear the same economic burden, and can only be persuaded by less powerful social, moral, and personal arguments. Consequently, union involvement has been more tentative and usually lags behind management and government initiatives.

The problem is compounded by the fact that much of the written material available is directed to managers, experts, program administrators and social agents. Some of the literature is concerned with policies and programs of interest to union leaders. But most of the information on alcoholism generally available is of little or no help to the co-workers of a presumed alcoholic employee. This is where many programs fail, because the local union member or officer is a vital contact that is not used properly. Many union members care about the problem of alcoholism, have some vague knowledge about it, want to help, but lack concrete guidelines about their own personal role. The responsibility to make decisions about the rehabilitation of alcoholic workers usually rests with someone other than the local union and its members. This is especially true in large organizations where both union and management decisions are made away from the work site. However, it is the local member or officer who has to live with the problem, is most affected by it, and may be in a good position to help solve it.

The purpose of this article is to provide some guidelines that may be of use to local unions, which have found it difficult to put alcoholism programs into practical effect. They may have different characteristics but they all have one thing in common: they lack guidelines and concrete information for helping members with an alcoholism problem. They must learn about their own role, and their relationship with management, as well as with the alcoholic employee.

Managers and government officials no longer need to be convinced that alcoholism cannot be ignored.

* The term "alcoholic" in this article is used in the sense of "presumed" alcoholic, or "problem employee". Neither management nor the union should assume that any problem is necessarily tied to alcoholism. A diagnosis may only be reached by qualified personnel even though all the external signs may point to a drinking problem.

The social and economic costs are simply too high. Programs may still be inadequate, and their benefits not fully understood, but the trend toward more and better programs is clearly established. The success of many, however, can be enhanced if local union members and officers, the co-workers of the alcoholic, co-operate. How can local unions be convinced that they have a role to play?

In the "good old days," when alcoholism was a "sin," the moral argument could be invoked. The sinner had to repent and anyone who helped was helping to save a lost soul. Unfortunately, the moral argument has never cured any alcoholic, nor has it successfully convinced everyday working people that they ought to be concerned with the plight of the alcoholic.

Social values have changed enough to make drinking commonly acceptable, and alcoholism no longer sinful. But a certain stigma remains. The alcoholic too often is seen as weak and lacking in self-control and social graces. Alcoholics "must recognize their problem and help themselves," is the common argument. This leaves everyone else off the hook. Fortunately, this attitude seems to be short lived because it is increasingly obvious that alcoholics cannot help themselves, which is precisely why they are alcoholics.

Thus alcoholism is now identified as a disease — beyond the control of the afflicted individual. Therefore the alcoholic employee should get the same help, consideration and treatment that is given to any other sick co-worker. Everyone is sympathetic toward the sick person, but only medical professionals can provide diagnosis and treatment. Normally the sick

...union involvement has been more tentative and usually lags behind management and government initiatives

person will seek medical advice and treatment with little or no encouragement from anyone else. The alcoholic does not. And this is where the alcoholic becomes everyone else's problem. The problem is not that treatment is not available, but that it is not accepted voluntarily. Of course, co-workers would find it most easy to ignore the problem, to ostracize the alcoholic employee, and to wait for someone else to do something. But the local union, its members and officers, can help to get the alcoholic to accept advice, diagnosis, and treatment.

Why should they help? Union members do not have the same economic incentives that motivate the employer, nor can they be aware of the social costs that underlie government programs; but they themselves benefit substantially from the rehabilitation of alcoholic co-workers. This has to be the main argument for getting involved in alcoholism recovery programs. Where any union member has a problem with alcoholism, everyone around is affected. The alcoholic employee inevitably becomes the centre of trouble. Work-related problems develop even before the social and medical effects become obvious. Work deteriorates, performance suffers, productivity varies wildly, quality goes down, mistakes and cover-ups increase, safety problems may arise, co-operation becomes difficult. The alcoholic worker becomes unreliable and unpredictable. The performance of the whole group of workers associated with the alcoholic may be impaired. Any slack, any mistakes, have to be made up by others if the performance, and, coincidentally, the reputation of the work group are to be maintained.

This can happen in any work situation, be it on the shop floor, in the accounting office, the typing pool, or in the executive suite. In addition to work-related problems, social strains will develop, reducing performance and the quality of work life further because of their effect on other workers. Friendliness, co-operation, and openness will be disrupted by suspicion and defensiveness. The reputation of the work group may suffer, energy will be lost in fixing the blame for problems instead of solving them, and work becomes a strain.

If it were not for the stigma attached to alcoholism such situations would rarely be permitted to develop. The cause of the problem would be determined and corrected or removed. If an individual is responsible for the trouble, management, co-workers, and union officials would take action to change his or her behaviour. But because few people at the work site know what to do about alcoholism, the problem is often allowed to develop to the painful stage at which drastic action is required. Often the faults and mistakes are covered up, both by the alcoholic and the co-workers. This covering up can only worsen the problems of the alcoholic. But in many cases co-workers have no other means of coping with the problems caused by that person. They remain unsolved until the problem employee is removed from the work site. This, of course, helps only the co-workers, but condemns the alcoholic to the worst consequences. And the problem recurs with every individual alcoholic.

Solving the problem constructively

is difficult under the best of circumstances. If the local union takes the initiative the strain will be great; coping with the alcoholic is a heavy personal burden. Personal relationships may be disrupted. There may even be charges of squealing or selling out. The alcoholic, until he or she accepts advice, will resist, and this may lead to arguments and animosity. Anyone involved carefully needs to weigh the long-run costs of doing nothing against the short run costs of sticking their neck out and taking action. Often management is first to take the initiative, but that cannot relieve local union members and officers of their responsibilities.

Just as management is concerned with productivity and profits, the union is concerned with the safety and welfare of its members. To this end, the union ensures good working conditions, a healthy environment, constructive relationships at work, and co-operation among union members. When these efforts are undermined the union must take action or it is derelict in its responsibilities. The local union cannot in good conscience ignore problems or rely on management to solve union problems. Therefore, to do its job properly, the local union must act not only in the interest of the problem employee, but also of all other members, i.e., those who are affected by the presence of an alcoholic co-worker.

Teamwork and co-operation characterize most union activities. This also must apply to any action concerning alcoholism. No individual can be expected to assume the burden and the responsibility for helping an alcoholic. Even when an individual does attempt to approach or confront the alcoholic, success will be very limited. Personal involvement should be left to family and close friends.

The problem is not that treatment is not available, but that it is not accepted voluntarily

Union representatives do not speak for themselves, they represent their members. The function can best be performed through a committee charged with membership welfare. It should not necessarily, or even preferably, be called an "alcoholism committee." Such a committee can deal with personal, social, health, and family problems of *any* kind, and will develop some of the necessary skills over time. Most importantly, a committee gives its members the strength to deal with difficult problems. The committee approach avoids personal confrontation, makes sure that no individual goes on a witch hunt, permits checks and counterchecks and verification of facts by more than one person, and protects individuals from any unfair charges. Because of the openness of the committee approach there will be greater trust in its fairness and fewer personal controversies. At the same time, the alcoholic will realize that his or her problem is out in the open and cannot be denied.

The alcoholic has to be approached by union representatives who do not speak for themselves, but for the co-workers of the alcoholic. Before anything can be done, the union, hopefully in co-operation with management, has to establish the fact that a work-related problem exists. Much will depend on the circumstances, and on the degree of union-management co-operation. If management, supervisory personnel, or the personnel department are unaware of a possible alcoholism problem the committee needs to establish that a work-related problem exists and has to point it out to management in all confidentiality.

Initially no individual name need be identified, this can come after management gets involved. Of

"Junk mail."

course, at first all of this may sound like squealing on a fellow worker and union member, but who else is there who should take this difficult step? Even if management were first to recognize the problem the union should get involved. Management must be encouraged to aid in the rehabilitation of alcoholic employees whether or not a program exists. The union must ensure that management offers all possible avenues for treatment and rehabilitation. At the same time the union must back management in all its efforts to deal with the problem.

Circumstances and union-management relations differ widely from one workplace to another. Nevertheless, three broad scenarios can be identified: a) a situation where a proper and effective joint alcoholism program is in force; b) situations where no program exists but union-management relations are open, and informal co-operation on the problem of alcoholism is possible; and c) no program exists and union-management relations make co-operation difficult.

(a) Where a program exists, the roles of management and union are well defined. When an alcohol problem is identified, management will take the necessary steps. Management will call a meeting with the employee at which the union will be represented by the welfare committee. The problem employee will be informed of the problem. Management, with the backing of the union committee, will provide information about counselling and treatment and will encourage the employee to comply. From this point on a number of developments are possible.

If the problem drinker accepts management's direction, seeks

...the problem is often allowed to develop to the painful stage at which drastic action is required

advice, is diagnosed, and gets treatment, the union must make sure that management fulfills all its obligations. If required, sick leave should be granted to the employee, insurance coverage continued, and the job protected. If sick leave had been needed and treatment has progressed far enough to permit the employee to return to work, the union and management must make every effort to re-integrate the employee into the work setting, but without pampering the employee or giving special privileges. If further treatment or counselling are required they should of course be provided. If assistance is asked for it should be offered with as few conditions as possible. In some cases it may be necessary to transfer the employee to a different setting or to change the work environment because it may have contributed to the problem. There may also be personal conflicts that may have to be resolved. In any event, solutions have to be arrived at jointly and must be implemented carefully. Under no circumstances should the rehabilitated alcoholic be stigmatized by making performance difficult and by calling attention to the past.

If the alcoholic refuses to accept any advice, the options become very limited, and the role of the union becomes more difficult. If the initial recommendations are refused, management will have to threaten to fire the alcoholic. The union must not oppose management, but must lend credence to the threat. Because of management's threat, the alcoholic now will look for an opening, and turn to the local union for protection. Whatever else may happen, the local union must not back him up at this point. If the union is convinced that a problem exists they must back management's ultimatum. The alcoholic must be told that the union agrees with management and that they will only provide help and support after there is an agreement by the problem employee that he will seek advice and treatment. And, along with management, the union must insist on immediate action and must not accept promises that can be broken again, and again, and again....

Thus there are only two alternatives left from which the alcoholic cannot escape. The pressure is on, and is reinforced by the union. It is likely to be successful because the last thing the alcoholic wants is to be fired. Alcoholics find it very difficult to admit their problem and have a great need to hide it from others. Many times the job is the last pretence to normalcy left. This pretence would be destroyed by the loss of the job, and the problem would be exposed. Fear of exposure is the last and only weapon left with which the alcoholic can be forced into action. It must be used. Opposition to management's actions at this point would seriously weaken the chances for success. Therefore it is not surprising that the highest success rate in the rehabilitation of alcoholics exists where management and union co-operate at all levels: at the top to develop programs and commit money, and locally to implement the programs.

(b) Where no formal or joint program exists, it is still possible to help an alcoholic co-worker, and to do the job of protecting members' interests. If management is generally co-operative, there is no reason to assume that

the union will be rejected in its attempts to help an alcoholic. However, more of the responsibility and the initiative will be with the union. In many cases the union may be first to identify the problem. All actions should again be taken through a committee. The committee must verify that a work related problem exists, caused by a specific individual. The facts must be ascertained and checked, and verified carefully. After the facts are documented, two possibilities exist: approach the individual or go to management. If there is even a remote chance for co-operation, management should be approached first. No names need be mentioned at first, and all discussions and information must remain confidential. If the union has built its case, and offers its co-operation, management in most circumstances can be convinced to take action. A joint approach should be worked out as to how to approach the alcoholic, and what advice to give. If the employer does not know what to do, and is unaware of available resources, the union must find out what help, advice, and treatment are available: Departments of health, social agencies, A.A., hospitals, medical and counselling services, or any other likely agency can be contacted. A joint approach should be worked out with management which will: (1) force the problem employee to seek counsel, (2) direct the problem employee to diagnosis personnel, (3) force the employee to accept treatment if the diagnosis warrants, and (4) provide for re-integration into the work environment after successful treatment. Once the joint approach has been worked out, further activities will be very similar to those situations in which a formal joint program exists. Ultimately, this experience can be used to establish a joint program. Management should be encouraged at all costs to co-operate, and to play its proper role. If management is hard to convince of the benefits of such a program, the various provincial and local resources could be used to exert some influence. Literature is available which convincingly explains the cost of alcoholism and the benefits of recovery programs. It can also provide information on organizing the program. Speakers and experts from the various agencies are available to provide advice.

No individual can be expected to assume the burden and the responsibility for helping an alcoholic.... The function can best be performed through a committee charged with membership welfare

In many instances management will be aware of a problem before the union is able or willing to do something. In some of these cases management may not know any better than to dismiss the problem employee. Should the union fight such management action, giving the impression that the employee is right or innocent?

If the employee loses the job, all hope will be lost. All other problems — family, social, financial — will be aggravated by the loss of income, stability, and reputation. An important chance to steer the alcoholic toward treatment will have been missed. Therefore the local union must make every effort to permit the alcoholic *one* last chance. This should again lead to a joint effort in which both management and the union play a role. Management must be persuaded to give the alcoholic an ultimatum, a choice between being fired and seeking treatment.

Facts must again be verified, and a course of action determined. Again, both union and management must be satisfied that a work-related problem exists. If management agrees to co-operate, the actions from here on should again be similar to those which would be taken if a program existed. Thus, if the alcoholic is to be given one more chance, he or she has to agree to seek advice, to accept treatment if it is indicated, and to comply with the joint demands of union and management. The union committee dealing with the alcoholic in this case must make it unmistakably clear that they will prevail upon management only if counselling, diagnosis and treatment are accepted. Otherwise the alcoholic may feel that the union can reverse his dismissal, and can

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protect him indefinitely from the consequences of his drinking.

(c) If no joint effort is possible, the local union must go it alone. This will be very difficult and has less chance of success. Unfortunately there are still many circumstances where management ignores the problem until it is too late, and will not permit anyone to help the alcoholic. In those circumstances the alcoholic winds up being fired when previous disciplinary actions have failed. The union can only grieve, in the hope to gain some time.

In such conditions the union needs to take action before management does the damage. Much depends on individual circumstances, but the union has to fill management's shoes by trying to encourage the problem worker to seek treatment. This means working through the committee which will compile the facts and which must make the initial approach based on these work-related facts. This means recording absences, late reporting to work, faulty work, and any other facts relating to the work environment and the responsibilities of the union. No individual should attempt to do this, this is the job of a committee, which checks and balances that ensure that all facts are correct and no personal gripes interfere. Under no circumstances should the committee try to act as counsellors and talk to the problem employee about his/her excessive drinking.

...the highest success rate in the rehabilitation of alcoholics exists where management and union co-operate at all levels

Once the union decides to do something, and the facts are established, recorded, and verified the actual personal confrontation must take place in all confidentiality. Special care must be taken to keep the meeting out of management's view, since management has already been identified as untrustworthy under these circumstances, and might take action counter to the committee's purpose. The committee members present at the meeting should stress their union interests and must present the same choices a joint union-management committee would offer. They must stress the problems, present a common front, and insist that they will not offer any help or representation if management takes any action to discipline and/or dismiss the employee. They must make it clear that they will not cover up for misconduct and inefficiency, and, in fact, will provide all the information to management if it would help solve the problem. It can also be pointed out that if co-workers and union officers are aware of a problem, management action cannot be far behind.

Of course, the union cannot fire the employee but can refuse to help, or can threaten to pressure management into drastic action. If treatment is sought, the burden is on the union to provide all information, contacts, and resources, and to protect the job, to ensure insurance coverage, and so on. If necessary, the employee must be helped to survive on the job while seeking diagnosis and treatment if sick leave is not granted. But even under the worst conditions, only the most backward employer will refuse sick leave and job protection once the alcoholic is under professional care. If this leads to failure the responsibility clearly rests with management.

These suggestions are only a first step and local officers and members should use them only as a guideline. Each individual work situation, and each case, are different. In each case patience, flexibility, and courage are required. But alcoholism clearly is a legitimate union concern. In the interest of all members, including those with alcoholism problems, unions can no longer stand by and ignore the problem, even where management does. In the short run, unions must accept the responsibility for helping individuals. In the long run they should encourage the implementation of policies and programs that help alcoholics anywhere. lg

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Some implications of a 'conserver society'

by Frederick Stapenhurst

October 1977 marked the second anniversary of the government's wage and price controls. Whereas this time last year there was a heated debate among business, labour and government as to what kind of 'new society' we should strive for in Canada in the post-controls era, now, with the election of a separatist government in Quebec, attention has shifted more to the question of whether there *will be* a Canada in the future. Behind the scenes, however, there is still much talk as to what kind of economic and social system is most desirable for Canada beyond the 1970s. In particular, the GAMMA group of McGill University and Université de Montréal have published the second phase of their report on "...the implications for Canada of a future of controlled socially oriented growth, generally described as the Conserver Society."

In that report GAMMA examine three conserver scenarios — *Conserver Society One*, in which there is continued economic growth but with conservation of resources, *Conserver Society Two*, an affluent 'stable state' where industrial growth, but not economic growth, is arrested at a high level, and *Conserver Society Three*, which describes "a transformed post-industrial society with new values."

It is likely that as the conserver ethic grows, different individuals will follow lifestyles of one or the other scenario, with some people adopting attitudes typified by the third scenario (back to nature, simplification of material aspects of living and a preference for simple technology) while others pursue essentially similar lifestyles as they do today, but place increased emphasis on the elimination of waste (e.g., by substituting 'owning' by 'renting' for certain consumer goods, utilizing better house insulation to reduce energy consumption and advocating the harmonization of future economic development with the environment). But what are the economic implications of such a conserver society? In this article the third scenario (extreme conservation) will be referred to as the 'full' conserver lifestyle, while the second and first scenario attitudes will be called the 'partial' conserver lifestyle.

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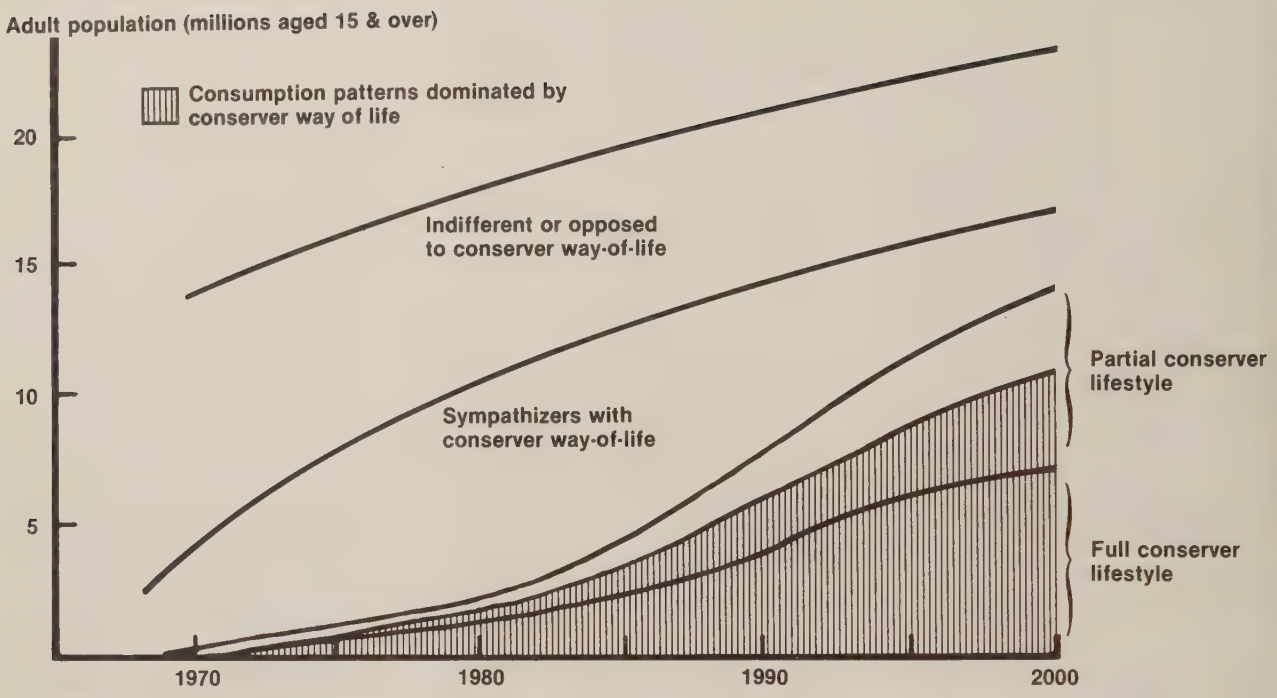
It seems highly probable that some sort of 'conserver society' will develop in Canada over the next 25 years. The factors leading to the growth of a conserver society are threefold — (1) those forces perceived at the individual level which indicate that a shift away from the consumption ethic to the conserver ethic is not only desirable, but necessary (e.g., impending energy shortages, scarcity of raw materials and rising demands of the Third World); (2) the personal desire of many people to 'get back to nature' and live a more simple life; and (3) government policies and regulations, even though there may not be a demand for them at the individual level (e.g., pollution abatement equipment on cars and home insulation). The main questions facing both private and public decision makers are "how fast will the conserver society develop?" and "how many people will adopt such a lifestyle?"

Based on a study by the Stanford Research Institute on conserver attitudes in the United States, it can be estimated that about 400,000 adults, or approximately 3 per cent of the adult population, fully and wholeheartedly live a conserver way of life in Canada at the present time (assuming, of course, that lifestyle patterns in Canada reflect those in the United States). Furthermore, it is probable that about twice as many people adhere to at least some of the tenets of the conserver society. For example, they might pursue the goal of personal growth or the simplified lifestyle implied by a conserver way of life, but not prefer smallness or insist on living as naturally as possible. If half of this group is added to the 'full' group, it would seem that about 800,000 people in Canada are already buying, or rejecting, some products in accord with conserver principles.

Recent polls in the United States indicate that between one third and one half of the total adult population sympathizes with many conserver goals and values (e.g., willing to eliminate annual model changes in automobiles, to do away with annual fashion changes in clothing, to prohibit the building of large houses with seldom-used extra rooms, etc.), but for one reason or another, does not act on this sympathy. This group of

Figure 1



Based on SRI projections

passive sympathizers is important not only because it represents latent support for conserver views, but because it is composed of potential converts to a partial or complete conserver lifestyle. Although there have been no comparable Canadian polls, there is again no reason to believe that Canadian attitudes are significantly different.

Figure 1 shows the number of adults in Canadian society today and the expected increase in this sector of the population (Statistics Canada projection: series B). It also shows the estimated maximum increase in the number of adults living a conserver lifestyle (based on forecasts used in the SRI report). During the next 20 years, the growth in the adoption of conserver lifestyles will likely be fast, especially among young adults and some retired people, who will find the movement a convenient means for simpler and cheaper living habits, which they might not adopt in other circumstances. The diagram indicates that up to 1.25 million people may adopt a 'full' conserver lifestyle by 1980, perhaps 2.5 million in 1985 and 7 million by the year 2000. Moreover, the growth of the 'partial' conserver lifestyle group is expected to parallel that of the 'full' group, while the number of people sympathetic to conserver society principles but not moved to action will decline as a percentage of total population after 1980 (on the assumption that many people will become 'partial' conservers as they come under the influence of increasing economic problems and view mounting evidence that the conserver way of life is indeed a satisfying one).

Of course such a projection assumes a fairly rapid growth of acceptance of conserver principles. Also, it is probable that the expansion of the adoption of conserver lifestyles will not emerge in the smooth fashion suggested by the S-curves in the diagram, but will develop with jumps, drops and plateaus, reflecting a variety of specific events, perpetual insights, and charismatic leaders. Nevertheless, by utilizing this extreme projection, we can analyze the maximum likely implications of the conserver society on the economy.

To the extent that such a scenario does develop, however, there will likely occur massive production and job shifts leading to an oversupply of labour in some sectors of the economy and a lowering of pay scales for certain jobs. The situation would present a serious challenge to union efforts to protect and improve working conditions for their members.

Thus, it seems hardly surprising that the reaction of labour is expected to be one of the major

obstacles to the institutionalization of the conserver way of life — there would undoubtedly be an adverse effect on the economic power of the trade unions. The GAMMA group freely admit that some of the conserver measures would have adverse effects on the employment situation, but stress that some of the unemployed could be absorbed into recycling industries and that, in any case, "...in a conserver society, the idea is not to create jobs, but to get the job done." Conrad Jamison, well-known U.S. economist, argues that should the adoption of a conserver society in the United States, in any form, imply zero economic growth, the unemployment rate would jump from around 8 per cent at present to over 15 per cent by 1980 (assuming zero economic growth 1977-80).

Such a drastic change in the employment situation would require a shift in government macro-economic policy away from the problem of expanding total output to the problem of equitable distribution of income. And one way to distribute income in a conserver society would be to distribute *work* by having more people work less hours in a week or less weeks in a year.

Coupled with job shifts, there would likely be a decline in aggregate personal income of up to 5 per cent from what it would otherwise be in the year 1985, and up to 15 per cent from what it would be in the year 2000. Of course, some of the losses would be counterbalanced through the opening up of better jobs for qualified workers now in low-income brackets. Overall, the income distribution curve would flatten, with more low incomes and fewer in the medium ranges.

There would exist a highly segmented marketplace, with a prosperous group of consumers opposed to many of the goals of the conserver way of life at one end of the scale and a frugal, socially aware group of conserver-oriented consumers at the other end. There would also exist a low-income non-conserver market — somewhat similar to a cross section of today's consumers and who would probably buy in the mixed pattern characteristic of today's market.

The consumer industries likely to suffer most extensively from the rise in conserver lifestyles include automobiles, clothing, petroleum, pre-packaged food and possibly health care. Industries most likely to benefit include education, local transportation, do-it-yourself supplies, arts and crafts, and all types of goods and services associated with personal growth (e.g., museums, art galleries, books, etc.). Impacts would probably be mixed for industries associated with communications, recreation and personal finance. Although the demand for some types of products will be dampened by the conserver ethic, the outlook for others will benefit. Conserver-oriented consumption is aimed at buying products that are functional, healthy, non-polluting, durable, repairable, recyclable or made from renewable materials and energy cheap. Such purchasing habits will have particularly negative effects on the lines of consumer goods and services bought for motives reflecting ostentation. However, in many cases advertising will increasingly be used to promote energy conservation, to teach the fundamentals of ecology, and so on.

Whether the conserver society comes about through government action, as the GAMMA group advocate, or simply through the pricing mechanism in the existing economy, with rapidly rising energy and raw material costs exerting profound influence on demand and people's values, come about it must. The Science Council has stated that "only by adopting a more rational and conserving approach to the common energy resource and environmental pool that sustains us all, can we ensure a continuing high standard of living for future generations." The spreading conserver society ethic will greatly affect our social, economic and political fabric. Nevertheless, we should view such a development as a preferred choice for our future growth, rather than as a period of austerity and shortages. If we don't, we may just end up with that — austerity and shortages. lg

Science Council of Canada report

A Conserver Society offers new opportunities for Canadian business and opportunities for new job creation, according to the Science Council of Canada report, *Canada as a Conserver Society*. It can also facilitate Canadian ownership and control as new industries and technologies are developed and "selective growth" becomes the central policy thrust of the country's industrial strategy.

In addition to describing the potentialities of a Conserver Society, the report also makes specific recommendations to help achieve them by encouraging and assisting improvements in industrial processes,

protecting new industries based on consumer techniques, and training people in new skills during transition to new employment patterns.

The report describes a coming wave of industrialization based on society's needs for new energy sources and the need to use present sources as efficiently as possible. Miniaturization will increase with the development of the microcomputer to its full potential. Electronic control technology will make great strides and brand new technologies will be developed based on biology and ecology.

Industry will find new opportunities in producing and distributing the hardware associated with solar, wind and forest energy courses, electronic control equipment for the extractive industries, and hardware for more efficient use of current conventional energy supplies such as heat pumps, insulation and district heating.

In its discussion of one development of solar heat technology — the evacuated tube solar collector — the report spells out how a Conserver Society can foster Canadian ownership: "Traditionally Canada has opted for technology transfer from abroad, usually the United States, in the form of direct foreign investment. Branch plants were created in Canada behind tariff walls and new technologies were introduced by subsidiaries of foreign-owned companies. We can change this trend with the new energy technologies. For example, with regard to the evacuated tube solar collector, we can opt for a licensing arrangement and maintain Canadian ownership of the production. Or we may decide that since a 'third generation' collector is inevitable, we should build and develop the product in Canada so that innovations surrounding all new developments in solar technology can be understood by researchers in Canadian industry. This latter approach could lead to a selective licensing strategy. Early Canadian experience of branch-plant dominance does not have to be respected with these new technologies."

The report recommends capital grants and accelerated write-offs to assist and encourage changes in industrial processes that would conserve energy and materials. And it suggests some specific examples: "Heat recuperators can be installed to recycle or use elsewhere heat from high temperature processes, electricity can be generated with process steam, and industries can co-operate in industrial parks; waste heat from one plant might be input for another, or used for district heating of buildings and houses."

Incentives and subsidies to encourage new industries based on conserver technologies could favour Canadian firms that show potential and the Foreign Investment Review Agency "should be given specific direction to block takeovers of these firms once they are established," the report says. In the past, it notes, Canadian taxpayers have helped support the development of new enterprises "only to have them bought out by foreign firms once their promise and potential have been established."

On the need to train people in new skills, it notes that most engineering schools and community colleges in Canada "have been alert to new developments" and have introduced appropriate course material and student projects. In this, they should be encouraged through federal, provincial and industrial grants, "on a sufficient scale to realize the potential of the interest, enthusiasm and creativity these projects obviously excite." An extensive research and teaching program is needed because the construction and installation trades "are too often dominated by small firms which do little research of their own and tend to be slow to adopt technological change."

The report also proposes that utilities install needed energy saving equipment and lease it to homeowners so that capital investment is paid for overtime in regular utility bills.

Finally, the report recommends that employment programs such as Local Initiatives and Canada Works be used to "put the creative energies of Canadians to work on conserver problems and opportunities....Besides helping solve the present unemployment problem this approach would assist and guide the transition of the workforce into occupations that will continue in the longer term.

"It is our impression that many individuals would like to work in 'conserver' related areas, but the traditional market mechanisms have not been creating the jobs. To begin with, the ventures in this 'conserver direct employment' program would be extra-market, but, as individual initiatives became viable in a business sense or began to compete with existing firms, the direct support could be phased out." lg

R.L.

comment

Simple arithmetic

In an article entitled "Pension indexing — a new perspective" (*The Labour Gazette*, July 1977), Leslie Barnes reviews a study of which he is part author. The authors of the study conclude that "actuarial discussion sheds no light on the underlying issue because it assumes that a dollar is a dollar whatever happens to prices." This of course is sheer nonsense, but I suspect that the actuarial profession will not suffer any loss of credibility from these remarks.

Actuaries can at least do simple arithmetic, which appears to be beyond the capability of the economists who wrote the study. Let us examine their own dollar calculations. The authors state that the total pension payout in 1976 was $9 billion and inflation ran at about 7.5 per cent. They then conclude "the cost of indexing all these pensions to preserve their purchasing power into 1977 would have been about $680 million." Yes, that is correct — but only on the absurd assumption that in 1978 the pensions went back to their original levels.

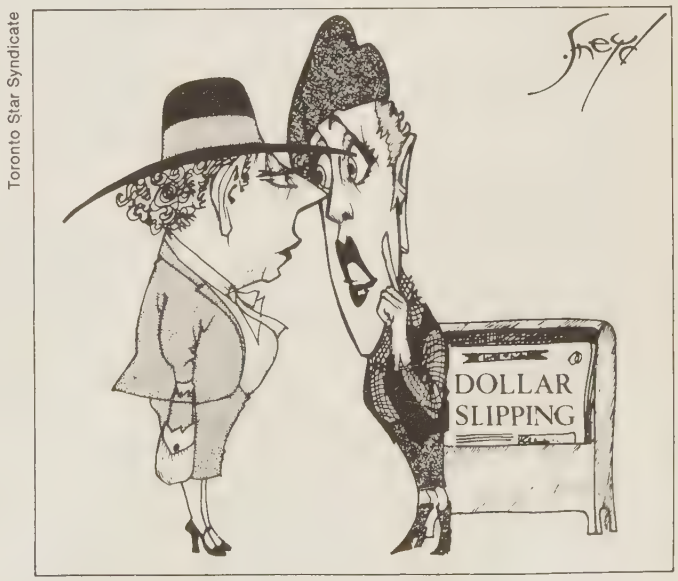
In fact indexing means that the amount of pensions payable in 1978 would be the original amount raised 7.5 per cent for 1976 inflation and further raised for 1977 inflation. Similarly a pension payable in 1979 would have to allow for inflation in three years 1976, 1977 and 1978.

Of course some pensioners die and for them indexing costs cease. New pensioners begin to receive benefits and for them the indexing starts at a later date. Having regard to life expectancies and current annuity prices, the cost of indexing to preserve the purchasing power of pensions for the 1976 inflation of 7.5 per cent would be about $5,400 million, not $680 million. This amount does not have to be paid at once, since most indexing is on a pay-as-you-go basis. However, it does represent the cost in today's dollars of the pension increases arising from inflation in the year 1976 alone.

I agree with the authors up to a point. Pensioners ought as far as possible to be protected from reductions in their purchasing power (so should people with fixed incomes, savings bank accounts, investment certificates and government bonds). Unfortunately we cannot afford to do all that is desirable in this world and the possibility of runaway inflation cannot be ignored. Pension costs are rising fast due to population trends, higher benefits and earlier retirement. Private employers who want to stay in business must control their pension costs and will not sign blank cheques — therefore they commonly grant pension increases but do not guarantee full indexing in the future. The public service deserves good pay and good benefits but ought not to be ahead of all private employers in any major item.

In setting policy on this matter, the cost implications are most important. The Barnes-Crozier-Jackson study only quotes the cost of one year's pension increases arising from one year's inflation, which is grossly misleading.

Laurence E. Coward
Executive Vice-President & Director
William M. Mercer Ltd.
Toronto



"That's nothing new. It's been slipping through my fingers for years."

Books

Up From the Ranks:

Trade Union VIP's Past and Present

by **Morden Lazarus,** Co-operative Press Associates, 1977

Morden Lazarus has gathered in his 133-page book biographical sketches of 115 trade union leaders, past and present, including six named to the Canadian Labour Congress' Labour Hall of Fame—Silby Barrett, Percy R. Bengough, John W. Bruce, Claude Jodoin, A.R. Mosher and Daniel J. O'Donoghue. He has also found room for a lengthy biographical article on J.S. Woodsworth, the first leader of the Co-operative Commonwealth Federation. The article was written by the late Andy Andras, former legislative director of the Canadian Labour Congress, whose biography is included in *Up From the Ranks.*

This impressive collection obviously represents a tremendous task of research by Lazarus who has demonstrated a knack for presenting a great amount of information in the fewest words needed, particularly in *Years of Hard Labour,* his short history of Canadian labour published in 1974. He has also managed to find a head-and-shoulders photo for every biographical sketch.

His research is supported by first-hand knowledge. Lazarus knew, or knows, almost all the leaders he presents in *Up From the Ranks.* He has been editor of Co-operative Press Associates "Canada's only labour press service," for 32 years. His active involvement in the CCF party dates back to 1934 and he has been a full-time staff member of the Ontario Federation of Labour since 1958. His experience made him the appropriate person to produce this Who's Who of Canadian Labour, both past and present.

There are some omissions, of course. Andras was always careful to identify himself not as a labour "leader" but as a labour "official" because he was an appointed staff person with the CLC and not an elected officer. It is refreshing to note that Lazarus did not omit him from this book because of that distinction. Some readers, how ever, would perhaps like to have more staff people included, even though they did not rise from the ranks but were appointed because of their specialty. To this reviewer, the names of Jack Williams and Jerry Hartford, come to mind, retired public relations directors for the CLC and the United Auto Workers, respectively. Undoubtedly every trade unionist who reads *Up From the Ranks* will have his own list of people who might have been included, and Lazarus himself admits that "time and funds available made it necessary to set a limit somewhere." The leaders presented represent 50 organizations, but not one of them is from the Confederation of National Trade Unions or the Quebec Teachers' Federation.

Despite those limits, *Up From the Ranks* is a useful and interesting reference book, and a long-needed addition to the literature of the Canadian union movement.

R.L.

A Guide to Worker Productivity Experiments in the United States 1971-75

by **Raymond A. Katzell, Penny Bienstock** and **Paul H. Faerstein,** New York, University Press, 1977.

This book was prepared for Work in America Institute, Scarsdale, N.Y., a non-profit agency founded to improve productivity and the quality of working life. The author meticulously analyzed 103 work productivity experiments conducted in the United States and reported in scientific or business journals issued in the 1971-75 period.

An abstract describes each experiment by organization, workers involved, method of installation, research design, productivity results, intervening effects if any, limitations, and conclusions. It also, of course, identifies the source of the published data.

The experiments are classified under 14 categories: selection and placement, job development and promotion, training and instruction, appraisal and feedback, management by objectives, goal setting, financial compensation, job design, group design, supervisory methods, organizational structure, physical working conditions, work schedules, and socio-technical systems.

The authors report that 85 of the experiments resulted in improvements in at least one aspect of productivity, and conclude that improvement of worker perform-

ance "is attainable through strategies already within our grasp."

This survey of the literature, presented in the form of classified, indexed and cross-referenced abstracts, is useful for anyone interested in knowing what productivity experiments were carried out in the U.S. during the period studied, and particularly for managers planning to introduce similar productivity experiments. It does not, however, provide all the answers, not because of any limitations of the Guide, but because of limitations in much of the research itself. Of the 103 experiments, 50 were conducted without any control groups and in 30 the equivalency of the comparison group was non-existent or questionable.

R.L.

Additions to the Library

The publications listed below are recent acquisitions. They may be borrowed through a local library (business, university, public, etc.) or directly — if there is no local library — by writing to The Chief Librarian, Labour Canada, Ottawa, Ontario K1A 0J2, indicating the author, title and publisher.

Collective Bargaining

Garfin, Molly, comp. *Collective bargaining in higher education.* New York, National Center for the Study of Collective Bargaining in Higher Education, Baruch College, CUNY, 1977. 158p.

Hayford, Stephen C. *Collective bargaining and the public sector supervisor,* by Stephen L. Hayford and Anthony V. Sinicropi. Chicago, International Personnel Management Association, 1976. 47p.

An overview and analysis of the broad range of statutory treatments afforded American public sector supervisors in the various state and federal jurisdictions — from full protection to total exclusion from coverage. Offers suggestions for dealing with this sensitive issue.

Labor-management issues in the health care field. New York, National League for Nursing, 1976. 68p.

A basic approach to labour management relations in American health care institutions, directed particularly at voluntary agencies, many of which are experiencing the collective bargaining process for the first time.

Economic Policy

Wallis, Wilson Allen. *An overgoverned society.* New York, The Free Press, 1976. 292p.

Employees' Benefit Plans

Canada. Public Service Staff Relations Board. Pay Research Bureau. *Employee benefits and conditions of employment in Canada; highlights of studies on prevalence, characteristics and costs from 1967 to 1976.* Ottawa, Supply and Services Canada, 1977. 111p.

Freedom of Association

Caire, Guy. *Freedom of association and economic development.* Geneva, International Labour Office, 1977. 159p.

Deals with the question of whether freedom of association in developing countries may impede economic development. Argues that the two are by no means incompatible. Examines difficulties in the establishment and pursuance of industrial relations policy in developing countries, and makes constructive suggestions regarding the role of international labour standards in this field.

Industrial Health — Women

George, Anne. *Occupational health hazards to women; a synoptic view.* Ottawa, Advisory Council on the Status of Women, 1976. 128p.

Examines the chemical, biological, physical, and mental health hazards encountered by women in the workplace. Of special interest is a section on the dangers to pregnant women. Included in the appendices is a listing of main occupational health legislation in Canada.

Industrial Relations

Québec (City). Université Laval. Département des relations industrielles. *Les relations du travail au Québec: la dynamique du système,* publié sous la direction de Jean Bernier, Rodrigue Blouin, Gilles Laflamme et Alain Larocque. Québec, Les Presses de l'Université Laval, 1976. 229p.

Industrial Relations — Seamen

Fuchs, John J. *The shipping industry in Canada.* Geneva, International Institute for Labour Studies, 1976. 33p. (International Institute for Labour Studies. Research series no. 2)

Insurance, Unemployment

Blaustein, Saul J. *An international review of unemployment insurance schemes,* by Saul J. Blaustein and Isabel Craig. Kalamozoo, Mich., W.E. Upjohn Institute for Employment Research, 1977. 267p.

Concentrates on describing the provisions of unemployment insurance schemes and not experience with application of the provisions. Not intended to deal with reasons for or implications of differences among national programs. Greater prominence is given to the Canadian and American schemes than to those of other countries.

Job Harassment

Brodsky, Carroll M. *The harassed worker.* Lexington, Mass., Lexington Books, 1976. 174p.

Deals with the physical and psychological effects of job harassment produced by work pressure, by the system or by co-workers. Explores the harassment process and characteristics of the harassed and the harasser, and presents a strategy for dealing with the problem.

Labour Costs

Heisel, W. Donald. *Costing union demands,* by W.D. Heisel and Gordon S. Skinner. Chicago, International Personnel Management Association, 1976. 73p.

Outlines simple arithmetical models for calculating cost data covering bargaining demands in the areas of wages, leave, insurance, pensions, travail reimbursement and union dues check-off.

Labour Organization

Cullingford, E.C.M. *Trade unions in West Germany.* London, Wilton House Publications, 1976. 114p.

An account of German trade unionism since the Second World War. Deals with the industrial relations policies of German unions, co-determination, strikes in certain industries and works councils.

MacDonald, Donald Farquhar. *The state and the trade unions.* 2nd ed. London, MacMillan, 1976. 217p.

A historical review, with emphasis on recent developments, of the changing and often difficult relationship between government and trade unions in Great Britain. The author approaches the subject from the point of view of the third party, the community as a whole, whose vital interest has, he maintains, been too much neglected.

Night Labour

Carpentier, James. *Le travail de nuit; effets sur la santé et la vie sociale du travailleur,* par J. Carpentier et P. Cazamian. Geneva, International Labour Office, 1977. 86p.

Productivity of Labour

Accroissement de la productivité et psychologie du travail, par M. Bolle de Bal et autres. Bruxelles, Éditions de l'Université de Bruxelles, 1976. 122p.

Shop Stewards

Nash, Al. *The union steward: duties, rights and status.* Ithaca, N.Y., New York State School of Industrial and Labor Relations, Cornell University, 1977. 59p.

Wages on Dismissal

New York (State). Department of Labor. Division of Research and Statistics. *Separation pay in union-management agreements, 1975. Albany, 1976. 48p.*

PRICES, EMPLOYMENT, AND EARNINGS

THE CONSUMER PRICE INDEX — SEPTEMBER 1977

The Consumer Price Index (1971 = 100) advanced 0.6 per cent to 163.4 in September from 162.5 in August. On a year-over-year basis the increase was 8.4 per cent, extending the trend of relatively sharp price increases observed since the beginning of the year.

Higher prices for fuel oil and gasoline were together responsible for over 40 per cent of this latest advance while higher prices for clothing, outer wear in particular, contributed an additional 20 per cent. As a result, the non-food index contributed all but 10 per cent (the contribution of the food index) to the overall increase.

A moderate increase in the food index dampened the impact of the increase in the all-items excluding food. While the food index increased 0.2 per cent, the non-food index increased 0.7 per cent. Lower food prices were to a large extent a result of seasonally lower prices for fresh produce.

Higher prices for beef products contributed significantly to this latest rise in the food index. Increased prices for pork products, fish and restaurant meals also contributed to the increase. On a year-over-year basis, the food index increased 11.2 per cent and the non-food index 7.4 per cent.

On a seasonally adjusted basis, the month-to-month increase of the all-items index was 0.7 per cent, while the food index increased 0.8 per cent. The current annual rate of change of the CPI based on seasonally adjusted movements of the latest three months was 7.4 per cent compared to 6.2 per cent for the three months ending in August.

THE LABOUR FORCE — SEPTEMBER 1977

Seasonally adjusted data — changes from August 1977

The seasonally adjusted unemployment rate edged up 0.1 per cent to a record level of 8.3 per cent. This increase occurred despite continued strong growth in employment. The participation rate reached a record level (61.8 per cent); and this, along with a continued increase in the working age population, resulted in the labour force increasing slightly faster than employment.

After the high in April, the unemployment rate dropped 0.4 percentage points in May and has been increasing by about 0.1 per cent every month since then. So far this year the unemployment rate has averaged 8.0 per cent. However, the adult rates have changed very little. Most of the increase in the overall rate has been due to an increase in the youth unemployment rate.

The rate of growth in employment, while not as strong as in August, was substantial. This latest increase of 27,000 jobs (or 0.3 per cent) was shared by the youths 15-24 years, (25,000) and men 25 years and over (8,000), while employment of women 25 years and over declined (-6,000).

A significant change occurred in the youth unemployment rate — it declined to 14.5 per cent (from 14.8) as a result of a faster growth in employment than in labour force even though there was a substantial increase in the youth participation rate. In contrast, the adult unemployment rate increased: the adult male rate edged up to 5.1 per cent while that for adult females advanced to 7.5 per cent.

In the regions: unemployment rates went up in Quebec (from 10.2 to 10.8 per cent) and in Ontario (from 7.0 to 7.3 per cent). In both these regions, employment increased but at a slower rate than the labour force. The rate declined significantly in British Columbia (from 8.8 to 8.3 per cent) and marginally in the Prairies (from 4.9 to 4.8 per cent) due to stronger growth in employment. In the Atlantic provinces, a decline in the unemployment rate (from 12.7 to 12.5 per cent) occurred in spite of the decline in employment, since the labour force declined at a faster rate.

Employment in the goods producing sector increased for two consecutive months after declining for the most part of the year. Most of this growth occurred in the manufacturing industry. The service producing sector experienced an overall decline in employment, although the trade industry provided 22,000 new jobs.

Weaknesses were in community, business and personal services, and in the public administration sectors.

Unadjusted Data

The actual level of unemployment declined between September and August (to 798,000) but the unemployment rate was unchanged at 7.5 per cent. A year ago the unemployment rate was 6.5 per cent. Compared with September 1976, employment increased by 214,000 (2.3 per cent) and the labour force by 346,000 (3.3 per cent). Over the same period, unemployment rates were higher in all regions except British Columbia, the only region in which the rate of growth of employment was faster than that of the labour force.

JOB VACANCIES — SECOND QUARTER, 1977

Vacancies in the second quarter, 1977 for all categories of jobs (49,700) increased 25.2 per cent from the previous quarter but declined 23.1 per cent from a year earlier. Full-time job openings increased 22.4 per cent to 43,200, while long-term vacancies — over four weeks — increased 6.5 per cent to 13,200.

In the three months ending in August, the number of vacant jobs decreased 14.0 per cent from the same period a year ago. However, compared to the previous three-month period, there was an increase of 21.0 per cent. The vacancy rate was 0.6 per cent (i.e., 6 jobs were vacant for 1,000 existing jobs). A year ago it was 0.7 per cent. The highest vacancy rates were observed in Alberta (1.1 per cent) followed by Saskatchewan (0.7), and the lowest was in Newfoundland (0.3).

EARNINGS AND INCOME — JULY 1977

Average weekly earnings, industrial composite (seasonally adjusted) decreased by 0.3 per cent to $249.99 in July, after an increase of 1.3 per cent in June; in all industry divisions, with the exception of forestry, they decreased. All regions registered decreases with the exception of Quebec which was unchanged and British Columbia which increased slightly.

In manufacturing average hourly earnings of hourly-rated wage earners advanced (0.8 per cent) and average weekly hours declined (-0.5 per cent).

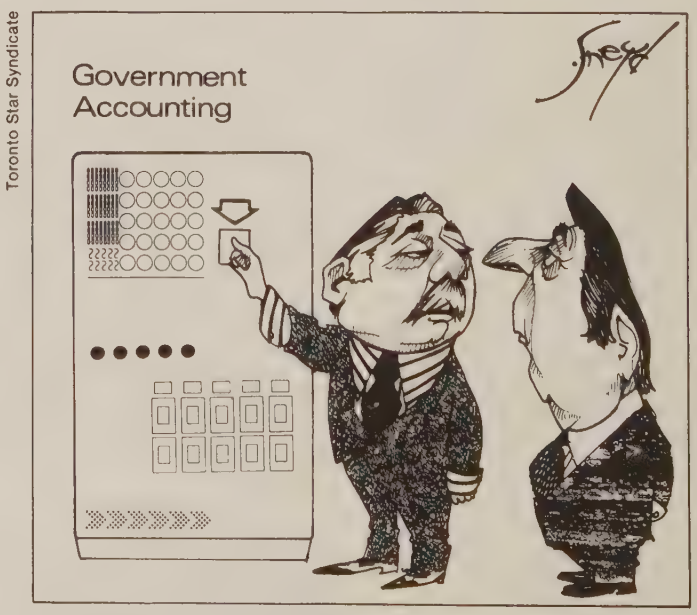
On an unadjusted base, average weekly earnings for all industries rose 9.1 per cent to $250.96 in July from $230.11 in 1976. After adjustment for price changes this increase was 0.6 per cent. Average hourly earnings in manufacturing reached $6.43 (from $5.79), in construction $9.74 ($8.55) and in mining $8.15 ($7.34).

Average weekly earnings by industry division were: construction, $376.02; mining, $338.22; forestry, $307.73; transportation, communication and other utilities, $289.08; manufacturing, $263.91; finance, insurance and real estate, $228.26; trade, $196.58; and service, $174.13.

Total labour income in July rose to $9,872 million, an increase of 9.2 per cent from the previous year.

WAGE SETTLEMENTS — SECOND QUARTER, 1977

The base rates of all major collective bargaining agreements (construction industry excluded) settled in the second quarter of 1977 increased at an average annual rate of 8.0 per cent. In manufacturing the increase was 6.3 per cent. Over the last four quarters the increase for all industries was 8.6 per cent and 6.7 per cent for manufacturing.



"And here, a Chinese fortune cookie drops down to validate the computer prediction."

labour statistics

LABOUR MARKET

	Unadjusted			Seasonally Adjusted				
	Sept. 1976	Sept. 1977	% change[1]	July 1977	Aug. 1977	Sept. 1977	% change[2] Aug.	Sept.
TOTAL				(numbers in thousands)				
Labour Force	10,357	10,703	3.3	10,602	10,677	10,071	0.7	4.3
Employment	9,688	9,906	2.3	9,743	9,798	9,825	0.6	0.3
Unemployment	670	798	9.1	859	879	886	2.3	0.8
Unemployment Rate (%)	6.5	7.5	—	8.1	8.2	8.3	—	—
Participation Rate (%)	61.1	61.8	—	61.4	61.7	61.8	—	—
Both Sexes: 15-24	60.3	61.7	—	63.3	63.3	63.7	—	—
Men:	77.5	77.7	—	77.4	77.6	69.3	—	—
— 25 and over	81.8	81.6	—	80.7	80.9	81.0	—	—
Women:	45.2	46.4	—	45.9	46.3	57.9	—	—
— 25 and over	41.9	42.9	—	41.8	42.4	42.3	—	—
EMPLOYMENT	9,688	9,906	2.3	9,743	9,798	9,825	0.6	0.3
Both Sexes: 15-24	2,382	2,411	1.2	2,449	2,445	2,470	- 0.2	1.0
Men:	6,147	6,214	1.1	6,087	6,113	6,136	0.4	0.4
— 25 and over	4,822	4,892	1.5	4,752	4,778	4,786	0.5	0.2
Women:	3,541	3,692	4.3	3,656	3,685	3,689	0.8	0.1
— 25 and over	2,483	2,603	4.8	2,542	2,575	2,569	1.3	- 0.2
Paid Workers	8,696	8,904	2.4	8,781	8,849	8,872	0.8	0.3
In Industries								
Agriculture	526	514	- 2.3	469	464	475	- 1.1	2.4
Manufacturing	2,001	1,951	- 2.5	1,857	1,889	1,914	1.7	1.3
Construction	698	695	- 0.4	636	631	635	- 0.8	0.6
Trade	1,640	1,715	4.6	1,698	1,710	1,732	0.7	1.3
Services	2,581	2,720	5.4	2,733	2,768	2,754	1.3	- 0.5
By Regions								
Atlantic	759	768	1.2	749	748	740	- 0.1	- 1.1
Quebec	2,483	2,545	2.5	2,490	2,502	2,518	0.5	0.6
Ontario	3,711	3,786	2.0	3,757	3,777	3,781	0.5	0.1
Prairies	1,677	1,716	2.3	1,677	1,686	1,688	0.5	0.1
British Columbia	1,057	1,090	3.1	1,071	1,075	1,087	0.4	1.1
UNEMPLOYMENT RATE (%)	6.5	7.5	—	8.1	8.2	8.3	—	—
Both Sexes: 15-24	11.6	13.8	—	14.5	14.8	14.5	—	—
Men:	4.9	6.1	—	7.4	7.4	7.5	—	—
— 25 and over	3.2	3.8	—	5.1	5.0	5.1	—	—
Women:	9.1	916	—	9.3	9.5	9.5	—	—
— 25 and over	7.3	7.7	—	6.9	7.3	7.5	—	—
By Regions								
Atlantic	10.0	11.0	—	12.2	12.7	12.5	—	—
Quebec	8.8	9.9	—	10.3	10.2	10.8	—	—
Ontario	5.2	6.5	—	6.8	7.0	7.3	—	—
Prairies	3.3	7.5	—	4.9	4.9	4.8	—	—
British Columbia	7.7	4.0	—	8.5	8.8	8.3	—	—

CONSUMER PRICE INDEX

	Unadjusted						Seasonally Adjusted	
				% Change from Previous Year			Current Annual Rate of Change	
	July 1977	Aug. 1977	Sept. 1977	July	Aug.	Sept.	Aug.	Sept.
All-Items (1971 = 100)	161.8	162.5	163.4	8.4	8.3	8.4	6.2	7.4
Food "	182.9	183.9	184.3	9.0	10.2	11.2	7.4	8.5
Total Ex-Food "	154.3	155.0	156.1	8.0	7.6	7.4	5.6	7.2

EARNINGS AND INCOME

	Unadjusted			Seasonally Adjusted				
	July 1976	July 1977[P]	% change[1]	May 1977[P]	June 1977[P]	July 1977[P]	% change[2] June	J
Average Weekly Earnings ($)								
Industrial Composite	230.11	250.96	9.1	247.52	250.81	249.99	1.3	-
Real ($ 1971)	154.13	155.11	0.6	155.09	156.56	154.98	0.9	-
By Regions:								
Atlantic	204.59	221.97	8.5	221.17	222.29	220.87	0.5	-
Quebec	223.31	246.34	10.3	242.04	246.09	246.09	1.7	
Ontario	230.74	249.22	8.0	247.70	290.37	248.57	1.1	-
Prairies	228.20	250.24	9.7	244.14	248.56	247.37	1.8	-
British Columbia	263.47	287.20	9.0	280.30	284.55	284.61	1.5	
Manufacturing:								
Average Weekly Earnings ($)	239.98	263.91	10.0	262.80	267.94	266.58	2.0	-
Average Hourly Earnings ($)	5.79	6.43	11.1	6.32	6.39	6.44	1.1	
Average Weekly Hours	38.2	38.0	- 0.5	38.4	38.7	38.5	0.8	-
Total Labour Income ($ M)	9,040	9,872	9.2	9,691	9,787	9,814	1.0	

MAJOR COLLECTIVE BARGAINING SETTLEMENTS

	Annual		Unadjusted					Last Four Quarte
	1975	1976	1976			1977		
			II	III	IV	I	II	
			(Annual compound rates of change)					
Total (Ex. Const.)	17.0	10.2	10.8	9.4	7.9	8.6	8.0	8.6
Commercial	14.9	9.5	10.3	8.9	7.0	8.1	7.3	7.7
Manufacturing	13.9	8.7	15.7	12.6	14.0	6.7	6.3	6.7

JOB VACANCIES

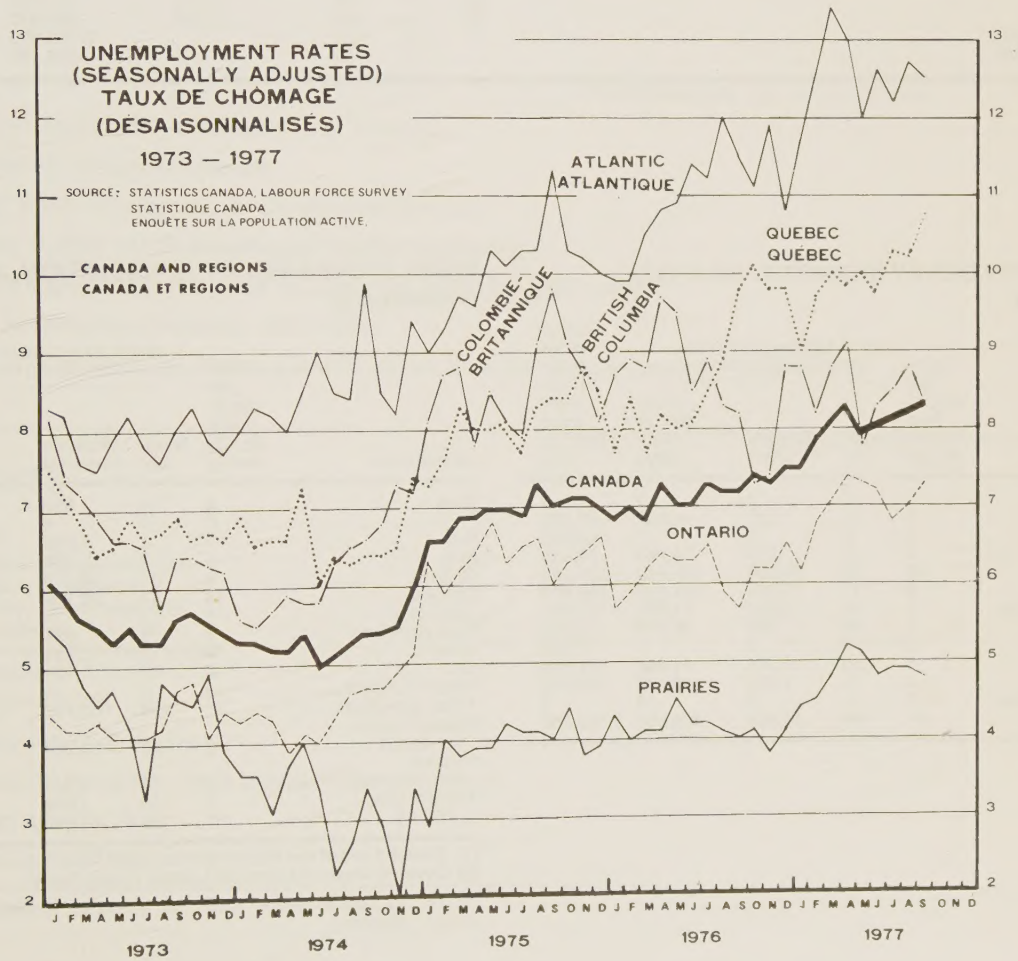
	Unadjusted					Seasonally Adjusted		
	1976			1977		1976	1977	
	II	III	IV	I	II	IV	I	
	(Figures in thousands)							
All categories	64.6	62.3	40.3	39.7	49.7	45.6	46.8	4
Full-time	49.3	54.7	35.8	35.3	43.2	40.6	41.0	4
Long-term	15.5	20.3	13.9	12.4	13.2	15.1	13.7	1

[1]Year-over-year % change.
[2]Month-to-month % change.
[P]Preliminary.

Source: Statistics Canada, *The Labour Force*, Cat. 71-001. Statistics Canada, *Employment, Earnings and Hours*, Cat. 72-002. Statistics Canada, *Quarterly, Report on Vacancies*, Cat. 71-002. Statistics Canada, *The Consumer Price Index*, Cat. 62-001. Labour Canada, *Wage Developments*, Labour Data Branch.

MINIMUM WAGE RATES — PER HOUR

Jurisdiction	Effective Date	Experienced Adults	Youths and Students
Federal	April 1, 1976	$2.90	under 17: $2.65
Alberta	March 1, 1977	$3.00	under 18: $2.85 Part-time students under 18: $2.50
British Columbia	June 1, 1976	$3.00	17 and under: $2.60
Manitoba	September 1, 1976	$2.95	under 18: $2.70
New Brunswick	November 1, 1976	$2.80	no special rates
Newfoundland	January 1, 1976	$2.50	no special rates
Nova Scotia	January 1, 1977	$2.75	14 to 18: $2.50
Ontario	March 15, 1976	$2.65	Students under 18 employed less than 28 hours in a week or during a school holiday: $2.15
Prince Edward Island	July 1, 1977	$2.70	under 18: $2.35
Quebec	July 1, 1977	$3.15	under 18: $2.95
Saskatchewan	January 1, 1977	$3.00	no special rates
Northwest Territories	June 7, 1976	$3.00	under 17: $2.55
Yukon Territory	April 1, 1976	$3.00	no special rates



STRIKES AND LOCKOUTS

Statistical information on work stoppages in Canada is compiled by the Labour Data Branch of the Canada Department of Labour on the basis reports from the Canada Manpower Division, Department of Manpower and Immigration. The tables cover strikes and lockouts that amount to 10 more man-days. The number of workers involved includes all workers reported on strike or lockout, whether or not they all belonged to the unio directly involved in the disputes leading to the work stoppages. Workers indirectly affected, such as those laid off as a result of a work stoppage, a not included.

TIME PERSPECTIVE ON WORK STOPPAGES, JULY 1977

Period	Number beginning during month	Work stoppages in existence during month or year			Per cent estimate worki tim
		Number	Workers involved	Duration in man-days	
Year					
1973	677	724	348,470	5,776,080	0.
1974	1,173	1,218	580,912	9,221,890	0.
1975	1,103	1,171	506,443	10,908,810	0.
1976	921	1,039	1,570,940	11,609,890	0.
1976					
July	84	219	83,388	1,270,240	0.
August	78	206	116,648	1,186,600	0.
September	59	185	136,482	1,943,860	1.
October	78	181	927,888	2,035,720	1.
November	52	138	54,886	498,700	0.
December	37	110	45,090	249,020	0.
1977*					
January	47	113	29,132	227,670	0.
February	45	111	19,272	193,140	0.
March	69	133	23,441	226,220	0.
April	76	160	39,133	353,400	0.
May	60	154	32,857	359,740	0.
June	59	162	31,675	326,520	0.
July	51	169	40,805	466,650	0.
January-July 1977*		473		2,153,350	0.
January-July 1976		735		5,696,190	0.

*Preliminary

WORK STOPPAGES BY INDUSTRY, JULY 1977 (Preliminary)

Industry	Number beginning during month	Work stoppages in existence during month			Cumulative duration in man-days (Jan. to July)
		Number	Workers involved	Duration in man-days	
Agriculture	0	0	0	0	0
Forestry	0	2	330	6,600	50,240
Fishing	0	0	0	0	20,800
Mines	1	3	270	3,780	79,440
Manufacturing	20	76	15,356	176,440	1,131,240
Construction	9	17	15,664	184,070	296,910
Transp. & Utilities	5	16	2,672	21,890	115,590
Trade	7	20	969	16,410	79,460
Finance	0	0	0	0	4,240
Service	5	20	4,241	41,040	274,830
Public Admin.	4	15	1,303	16,420	100,600
Various industries	0	0	0	0	0
TOTAL	51	169	40,805	466,650	2,153,350

WORK STOPPAGES BY JURISDICTION, JULY 1977 (Preliminary)

Jurisdiction	Number beginning during month	Work stoppages in existence during month			Cumulati du tion ma da (Jan. Ju
		Number	Workers involved	Duration in man-days	
Nfld.	4	4	899	1,600	117,3
P.E.I.	0	0	0	0	
N.S.	1	6	1,046	8,390	10,6
N.B.	1	2	430	2,360	11,9
Québec	8	84	9,010	155,100	1,025,8
Ontario	18	37	22,269	247,640	672,6
Manitoba	0	1	4	80	18,0
Saskatchewan	7	9	298	2,230	24,8
Alberta	2	6	2,812	19,880	51,2
B.C.	6	10	1,429	9,040	72,6
Yukon & N.W.T.	0	0	0	0	
Total, provinces	47	159	38,197	446,320	2,005,1
Federal Public Service(1)	2	2	1,265	2,490	6,0
Federal Industries(2)	2	8	1,343	17,840	142,1
Federal total	4	10	2,608	20,330	148,2
TOTAL	51	169	40,805	466,650	2,153,3

(1) Covered under the Public Service Staff Relations Act.
(2) Covered under the Canada Labour Code: Part V.

NOTE: Numbers relate only to workers directly involved in t dispute.